NATIONAL BANK OF BELGIUM

GENERAL MEETING

OF THE

SHAREHOLDERS OF THE NATIONAL BANK OF BELGIUM

ON 27th FEBRUARY, 1956

REPORT

PRESENTED BY THE GOVERNOR, IN THE NAME OF THE COUNCIL OF REGENCY,

on the activities of the Bank in 1955

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A Glossary of Names as used
in this and previous Reports of the National Bank
is printed at the end of the text.

During the past year economic activity rapidly increased. In general it reached a very high peak.

In Belgium it equalled or surpassed the highest levels of the post-war period, resulting in both better output and a large reduction in unemployment.

This prosperity caused not only an appreciable rise in imports but also a very large increase in exports to most countries.

On the Belgian market there was a very strong demand for both capital goods and durable consumer goods.

Tax revenues benefited from the good state of activity and the rise in the rates of certain indirect taxes, and rose appreciably despite the fact that the effect of some reliefs accorded to industry was beginning to be felt. The proceeds of Government borrowing were however smaller than in the previous year, some part of the funds available in the economy having no doubt been taken by private interests. The extraordinary expenditure was less than that in 1954.

In general it can be said that supply has satisfactorily adjusted itself to demand. It is true that strains have occurred, chiefly on the labour market; but their effect on prices and wages as a whole has remained limited. The trade unions have put forward certain claims relating, amongst other matters, to working hours. Efforts are being made to solve this problem in ways which shall preserve intact the competitive power of the Belgian economy and the stability of individual enterprises.

Monetary equilibrium has been maintained within the framework of the expanding economy. The increase in the money supply is due

to the greater volume of business and, above all, to the surplus on the balance of payments.

The steps which various countries had to take in order to reduce inflationary pressures did not need to be taken in Belgium. The National Bank did however raise its discount rate by a quarter per cent on 4th August, 1955 so as to ward off the danger of over-speculation, always latent in times of prosperity, and so as to prevent too great a gap from forming between interest rates in Belgium and abroad.

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The expansion of economic activity in Belgium, in an international climate of prosperity, demands great vigilance if it is desired that such expansion shall be free to continue without shocks or disorder. The important part played by exports in disposing of the country's output, and the relatively high level of wages, oblige Belgium to watch the varying economic movements very closely in order to be able quickly to adjust itself to them.

Credit policy must therefore aim at avoiding the occurrence of over-abrupt or over-wide movements in prices and wages, excesses in the field of credit, or over-large additions to the public or private debt, which might put the country's economy into a difficult position if the economic trend should turn.

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The history of the past ten years has again shown the importance of credit policy in defending the currency, this being a point which the experiences inevitable in the special conditions of war, and the needs of the immediate post-war period, may have caused people for the moment to forget.

In Belgium immediately after liberation the currency reform, the arrangements made to consolidate the Treasury Certificates held by the banks, the success achieved in balancing the budget, and more frequent resort to changes in bank rate were the means by which a coordinated monetary policy has been applied in practice.

In Italy, despite great difficulties, it proved possible effectively to stabilise the lira as early as 1948 by suitable monetary measures.

In Germany the 1948 currency reform, and the policy of stabilisation followed since then by the Central Bank, have also played a decisive part in the country's economic recovery.

Up till about 1949 however the budget deficits due partly to reconstruction charges, over-high rates of exchange, the measures taken to maintain prices of Government securities and to prevent the natural rise of interest rates, and also the resulting disequilibria in balances of payments, caused a large number of countries — while still neglecting credit policy properly so called — to try to keep their currencies stable chiefly by restriction and control of imports and exchanges.

The changes made in the parities of many currencies in September, 1949 improved the basic conditions for international monetary equilibrium. At the same time the public finances began almost everywhere to be administered more strictly. More and more countries progressively gave up direct controls, economic restrictions and the different variants of the systematic cheap money policy, replacing them by methods more in keeping with tradition and conforming to the needs of their economic and financial position. Inflation was checked, and balance of payments troubles became less acute.

In Great Britain the change in the direction of monetary policy took place in November, 1951. Bank rate, which had remained unchanged since 1939, was raised then from 2 % to 2.50 % and finally to 4 % on 11th March, 1952.

In the United States the decisive step was taken on 4th March, 1951, when an agreement was reached between the Treasury Department and the Federal Reserve System under which the latter ceased the quasi-automatic support by the monetary authorities of the market for Government securities.

In the Netherlands the balance of payments crisis which had to be faced at the beginning of 1951 led to the establishment of a plan for recovery, which was the starting point for various important monetary measures and for the rapid restoring of the country's situation to health.

The events of the last few years have confirmed the tendencies outlined above. During both the slight recession around 1953 and the present wave of prosperity the steps which countries have taken to support activity and to avoid any overdoing of the boom have been mostly financial. At the same time credit and financial policies have been much better coordinated.

While Central Banks have vigorously used their special weapons, certain Governments have increasingly used budgetary or fiscal measures to support their actions, while direct import and exchange restrictions have become a secondary means of defending currencies.

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Belgium was one of the first countries after the war to restore credit policy as a means of keeping its currency stable, and in 1955 confidence in the franc was further consolidated.

In July the Belgian-Luxemburg Foreign Exchange Institute, wishing to restore to the Belgian franc all freedom compatible with the controls still maintained in other countries, was able to lift the last restrictions which still hampered trading and financial transactions between the Belgian-Luxemburg Economic Union and them.

There is now no longer any limit on the amount of foreign currencies that may be bought in Belgium. The regulations relate only to the market in which currencies must be bought.

Alongside the regulated exchange market, where dollars arising from our exports to the dollar area still have to be sold, and where the foreign exchange to pay for imports from countries with which we are linked by payment agreements still has to be bought, an absolutely free exchange market has been set up. All financial transactions whatsoever can there take place freely; and the restrictions on the import and export of Belgian and foreign bank notes have been abolished.

In the free market the National Bank is not required to ensure that the limits of 1 % above and below par fixed by the International Monetary Fund are observed. In fact however the dollar rate has remained almost constantly within those limits. The free market rate has rarely or never differed by more than 0.50 % from the rate in the regulated market, and has often coincided with it.

Despite the freedom thus restored to the exchange market the National Bank's gold and foreign exchange holdings rose during 1955 by more than Fr. 5,500 million, this being well above the total amount of loans taken abroad during the year.

The free exchange market has been completed as from 1st January, 1956 by the addition of its corollary the free market for gold, which in point of fact was already operating as a parallel market. Subject to the reserves which we shall mention in a moment, therefore, we now have in Belgium the essential conditions required for enabling the country to join any others which may be prepared to put the convertibility of their currencies on to a legal basis.

Two measures are however still needed for consolidating the status of the Belgian franc.

The first is to restore the National Bank's legal obligation to cover its sight liabilities by a certain percentage of gold.

The Government has stated through the Minister of Finance that it intends to introduce a bill to that effect shortly.

The second measure is definition by Parliament of the gold content of the franc. The National Bank hopes that a bill for this purpose may also be tabled soon.

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We pointed out above that, owing to conditions peculiar to this country, the Belgian economy must be able to adjust itself with special rapidity to changes in the economic trend. The best way to promote such adjustment is to be always able not only to check speculative excesses but also, when the tendency is reversed, to grant all facilities with a view to maintaining as high a level of activity as possible.

The National Bank's chief method of acting in this way on the money market, and the method most in accordance with tradition, is to alter its rate of discount.

During recent years however changes in the structure of the economic and social systems have tended to reduce the importance of the discount rate as a means of regulating the level of activity.

The development of the bank advance system and the practice of self-financing have reduced the extent to which the demand for credit is sensitive to changes in bank rate. Often moreover the effect of such changes is too slow or too weak, so that it might at times be necessary to raise or lower rates to levels inconsistent with other objects of monetary and financial policy in order to obtain effective results without delay.

The Government's growing influence on the country's activity, and its heavy drawings on the national income, also tend to limit the effects of bank rate policy on the course of the market.

Variations in bank rate have however continued to be widely used, with some success, in foreign countries as well as in Belgium. A rise in the discount rate is always regarded in the quarters concerned as a warning given by the monetary authorities; besides acting directly on the market it has a very great psychological effect.

Whereas up till about 1950 alterations of the discount rate had been very rare except in a few countries, there were fifteen in 1954, eleven downwards and four upwards. In 1955 the rate was raised four times in the United States, three times in Canada, twice in Great Britain and Austria, and once in Greece, Norway, Sweden, Denmark, Turkey and Germany. In Belgium the rate was raised from 2.75 %, at which it had stood since 29th October, 1953, to 3 % on 4th August, 1955.

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Another method which the National Bank ought to have available for affecting the market's resources in one direction or another is the purchase and sale of public securities.

While this method has long been employed in Great Britain, its use has been possible in Belgium only since the amendments made in the Statutes of the National Bank in 1937, 1939 and 1948.

At present the limit up to which the National Bank can intervene in the market is laid down by the Convention of 14th September, 1948 between the Government and the Bank. This Convention fixes at Fr. 10,000 million the amount of credit which may be granted by the Bank to the Government or to Government-guaranteed institutions, that is to say the extent to which the Bank can acquire Government

securities, or securities issued by public financial institutions, against creation of money.

The granting of such credit was justifiable in 1948 on the ground that at that time the Belgian capital market was far from having regained its full breadth, while foreign markets were still closed to us.

In times when the Government's normal receipts from taxation and borrowing in a given financial year might be insufficient to cover all the expenditure it was natural that the Treasury should be assured of finding at the National Bank, failing the market, the additional resources required. Any advances which the Bank might grant within the limits of the credit line were of course to be repaid during the same financial year so as to keep available, more or less permanently, a reserve of credit primarily intended for dealing with unforeseen difficulties.

In point of fact this line of credit has been constantly used on the largest scale, ever since it has been in existence, despite the expansion of the Belgian capital market and the reopening of such markets in foreign countries.

The facilities offered by the Belgian and foreign markets have not reduced the extent of recourse by the Government to the Bank. They have simply enabled the Government to borrow more.

The credit available at the Bank has often been used to the full limit, and it has been more or less permanently used up to at least half that limit. Since 1948 indeed the Bank has had outstanding a long-term loan of the order of Fr. 5,000 to 6,000 million granted to the Government, which is contrary to the spirit if not to the letter of its Statutes.

The Bank has never been able to sell part of its holding of public securities on the market, because the Government and the other public authorities had been there first and exhausted the market's possibil-

ities. Thus the Bank has been deprived of an important means of action.

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A third method which might be used for regulating the money market would be to vary, according to circumstances, the proportion of the banks' sight deposits which they must keep in the form of immediately available balances. This proportion is what has come to be called the cash ratio. Raising the ratio would act directly and at once on the banks' lending power, because it would promptly sterilise part of their liquid resources. If activity should decline, a lowering of the ratio would do much to maintain it.

Before the war a number of countries already had legislation requiring the banks to maintain given ratios, or to keep a certain minimum of liquid reserves on current account at the Central Bank. This system, now one of the essential elements in credit policy, has been greatly extended since that time. Compulsory reserve requirements or cash ratios are in force in twenty-six countries, where the tendency is increasingly to vary them.

In Belgium the system of banking reserve ratios was introduced by Royal Decree No. 185 of 9th July, 1935 on the control of banks. Its main object was to ensure the safety of bank deposits.

Application of this system was entrusted to the Banking Commission.

It was only as from 1946 that this latter made use of the powers conferred on it.

The cash ratio was first fixed at 4 %, 5 % and 6 % according to the categories of banks concerned. It was made uniform for all banks at 4 % in October, 1949, and has not varied since then.

This 4 % rate is of course a minimum. On sheer grounds of prudence the banks could hardly go below that ratio even if they were not required to observe it.

In times of prosperity it might on occasion be useful to check expansion of the volume of bank money by progressively raising the ratio. In Belgium however the fact that the Government is obliged constantly to borrow tends to keep the cash ratio rigid, and to neutralise what might be a powerful means of regulating the market.

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One of the weak points in our financial organisation is that in Belgium there is no real money market in which rates vary according to supply and demand, and in which the extent of supply and demand varies as a function of the rates.

Since the end of the war dealings in short-term money have always taken place at rates empirically fixed. Thus for many years the rate for call money remained at 1.25 % per annum. Recently it was put up to 1.50 % per annum. Apart from this the rates for Treasury Certificates, which the banks are obliged to acquire up to a certain percentage of their deposits, have also remained unchanged. They have not in fact been influenced by the factors which ought to determine them in a normal market.

It seems essential to study closely the effects of this rigidity in the rates, and to contemplate the taking of steps in Belgium for setting up a true money market that will adjust itself to the conditions in which economic activity is from time to time taking place. The regular working of such a market would be a fresh factor of equilibrium in our economy, and would afford further support to our currency.

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There are a number of further fields relating to credit policy in which it ought to be possible for the Government and the National Bank to coordinate their actions. Amongst others the subject of instalment buying may be mentioned. While the effect of purchases on instalment terms is to stimulate the demand for certain goods, for which payment need not be made until months later out of future savings, it must not be overlooked that in Belgium such business is often done through direct or indirect recourse to the facilities allowed by private and even public credit institutions.

Clearly in a period of rising activity and prices it is desirable to limit instalment buying, inter alia by increasing the down-payment on purchase and by reducing the number of months during which the balance must be paid. In times of depression on the other hand there would be less objection to reducing the down-payment, and to spreading payment of the balance over a greater number of months, provided that the debtor's payment capacity remained adequate. The important point here is to act quickly. That is why it is advisable that the National Bank should be closely associated with any action to be taken in this field.

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The monetary policy followed in 1955 helped to strengthen confidence in the franc both abroad and in Belgium.

On this basis it was possible to prevent abnormal price rises, to ensure the country's supplies in the best conditions, and to preserve its competitive capacity. At the same time in Belgian ports and markets there was great activity, of a kind which generally develops only in conditions of liberty and social progress.

In order that the results obtained and the prosperity thus established may be consolidated and extended it is essential that action

by the National Bank and by the Government shall remain closely coordinated.

The Bank hopes that the Government will be able during 1956 to carry out the programme defined as follows in the conclusion of the General Budget Statement :

« The 1956 General Budget marks a decisive step along the road back to equilibrium and soundness in the public finances. It is the result of a long effort, which must be continued. The Government will have to be constantly attentive and vigilant in all fields in order to consolidate and even improve upon the results achieved, so that amongst other things it may keep expenditure during the course of the budgets at the level of the proposed authorisations. »

The period of exceptional prosperity which we are enjoying makes it much easier to put this programme into effect, since the Government is obtaining surpluses of revenue over the estimates, while it is benefiting from a large reduction in the cost of unemployment.

In addition certain measures ordered at a time of depression could be suspended or cancelled in the phase of economic upswing, where there is a risk that they may produce an effect opposite to that contemplated when they were first applied. Further burdens must in any event be avoided. It is moreover desirable, while the upswing lasts, to put off or simply slow down the carrying out of ambitious plans.

Present circumstances are especially favourable for checking if not stopping the growth of the national debt, and rebuilding the Treasury's reserves.

Such rebuilding, the permanence of which should be ensured, is an essential condition for putting into effect an active and coordinated monetary policy which shall permit effective action by the public authorities whenever they have to face a decrease in prosperity or a reversal of the economic trend.

MONEY AND FINANCE

Money Supply

Under the influence of the economic upswing the expansion of the money supply amounted to Fr. 9,100 million between November, 1954 and November, 1955, as against Fr. 3,300 million during the previous twelve months. In 1951, at which time economic activity was also very great, the money supply had increased by Fr. 12,400 million.

The movement during 1955 was quite regular; contractions were however recorded in January after the end-of-year maturity, in May after the issue of a Government loan, in August and in November.

Money Supply

(in millions of francs)

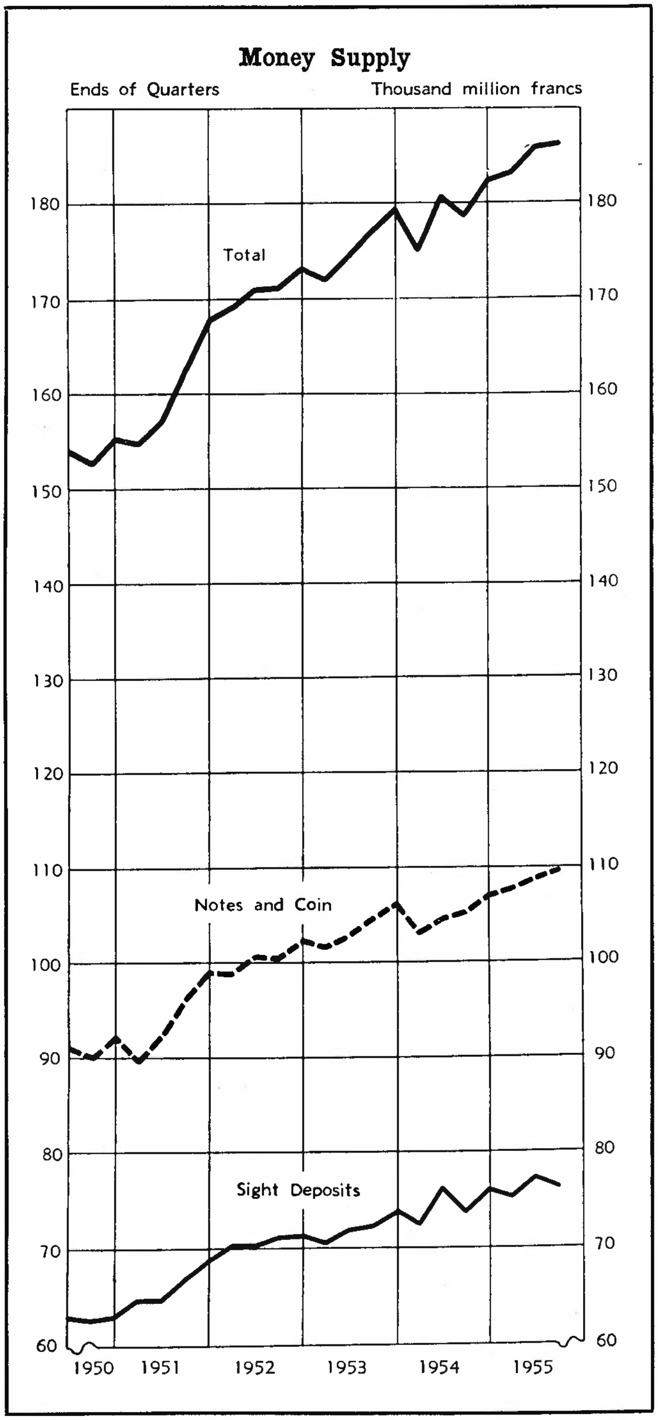
At end of	Notes and Coin (1)	Sight Deposits (2)	Total
1950 June	90,696	62,957	153,653
1953 December .	105,924	74,366	180,290
1954 November .	104,369	75,181	179,550
December .	106,661	76,945	183,606
1955 January ...	105,841	75,929	181,770
February .	106,803	75,969	182,772
March ...	107,567	77,180	184,747
April	108,096	77,669	185,765
May	107,910	77,424	185,334
June	108,560	79,031	187,591
July	110,321	77,541	187,862
August ...	109,438	77,202	186,640
September .	109,721	77,687	187,408
October ...	109,509	79,642	189,151
November .	108,833	79,818	188,651

(1) Treasury notes and coin plus notes of the National Bank of Belgium, less amounts held by monetary institutions.
(2) Balances of Belgian residents, less amounts held by monetary institutions.

Just as in 1954, the ratio of the note and coin circulation to total sight deposits became a little smaller. The monetary structure in Belgium however remains very different from what it was before the war, when the two kinds of payment media were about equal in amount, and also different from what it is in many foreign countries.

Bank Notes, Treasury Notes and Coin

The types of money which circulate for account of the Treasury have been less in demand among the public. Their volume was adapted to requirements through the effect of payments to the Government and in-payments at the National Bank. It declined from Fr. 5,400 million at the end of 1954 to Fr. 4,900 million a year later. The fall was especially marked during the early months of 1955. It affected both coin and notes in such a way that the tendency for coin progressively to take the place of notes ceased.



The circulation of notes of the National Bank rose almost continuously from January to July, when it reached Fr. 106,900 million owing to the effect of demands due to the holiday period. The seasonal reflux then reduced the total to Fr. 105,800 million in November, but the December maturity caused it to go up again to Fr. 107,600

million. The increase for the entire year was Fr. 4,900 million as against Fr. 1,100 million in 1954.

Accounts at Commercial Banks

The balances on accounts at sight and up to one month in commercial banks rose from Fr. 51,200 million in November, 1954 to Fr. 55,900 million in November, 1955.

The month-to-month fluctuations were small apart from an upward movement of Fr. 2,100 million in March, which can be partly put down to the fact that certain banks make up their annual balance sheets at the end of that month. The fall of Fr. 738 million in July resulted from, amongst other things, anticipated tax payments, subscriptions to a loan of the Belgian National Railways Company and

Balances on Accounts at Commercial Banks (1)

(in millions of francs)

At end of	Accounts at Sight and up to 1 month	Accounts at Longer Periods	Total	Special E.P.U. Accounts (2)	Grand Total
1950 June	42,488	11,763	54,251	—	54,251
1953 December	50,320	17,111	67,431	2,432	69,863
1954 November	51,233	19,988	71,221	—	71,221
December	52,312	20,028	72,340	—	72,340
1955 January	52,104	19,517	71,621	—	71,621
February	52,343	20,204	72,547	—	72,547
March	54,422	20,895	75,317	—	75,317
April	53,994	20,956	74,950	—	74,950
May	54,322	20,908	75,230	—	75,230
June	54,536	21,049	75,585	—	75,585
July	53,798	19,757	73,555	—	73,555
August	53,591	20,415	74,006	—	74,006
September	53,947	20,870	74,817	—	74,817
October	54,887	21,016	75,903	—	75,903
November	55,941	21,552	77,493	—	77,493

(1) Since the end of October, 1952 the accounts of the offices in Belgium of the Bank of the Belgian Congo have been included in the total figures for the Belgian banks.

(2) Decrees of 15th September, 1951, 18th January, 22nd March, 9th May and 26th July, 1952, 16th October, 1953 and 30th January and 8th April, 1954.

a private corporation's large public offering of securities, as well as the usual holiday-time drawings on accounts. On the whole however the factors capable of causing abrupt withdrawals were fewer than in

previous years. The Belgian Government offered one public issue of securities in place of three in 1954. On the other hand in-payments to the National Social Insurance Office have been proceeding more uniformly since a new procedure for the transfer of contributions was introduced in June, 1953.

The rate of growth in balances on time accounts, which had reached between Fr. 2,000 and 3,000 million per annum between 1952 and 1954, became slower in 1955. The monthly variations reflect inter alia the accumulation of funds by companies and the payment of dividends out of those funds. This last process would seem to account for the somewhat pronounced decreases in January and July.

The total sum held on accounts at sight, at up to one month and at longer periods in Belgian francs and foreign currencies increased by Fr. 6,300 million between November, 1954 and November, 1955 as compared with Fr. 4,800 million during the preceding twelve months. These two figures however are not fully comparable. The second was in fact swollen by the release of the « Special E.P.U. Accounts »; the balances on these still amounted to Fr. 2,500 million in November, 1953, but had completely disappeared by October, 1954.

Rate of Turnover of Balances on Bank Accounts and Postal Cheque Accounts

Monthly Average for	Bank Accounts	Postal Cheque Accounts
1950 1st half	(a)	3.41
1954 (first 11 months)	1.80	3.87
1955 (first 11 months)	1.92	3.84
1955 January	1.90	4.13
February	1.75	3.67
March	1.93	3.66
April	1.96	3.94
May	1.88	3.75
June	2.01	3.64
July	2.02	4.13
August	1.90	3.78
September	1.90	3.64
October	1.96	3.90
November	1.86	4.04

(a) Figure not available.

The balances on sight accounts increased less rapidly than total transactions. That is no doubt the reason why these accounts were more used; except in February the frequency of turnover on them reached a level definitely higher than that in the corresponding months of 1954.

Free Balances of Depositors (other than Treasury Agents) at the Postal Cheque Office (1)

At end of	Millions of francs
1950 June	17,235
1953 December ...	20,755
1954 December ...	22,136
1955 January	20,560
February ...	20,646
March	19,830
April	20,282
May	20,411
June	20,710
July	20,140
August	20,045
September ...	20,254
October	20,956
November ...	20,630
December ...	22,850

(1) Excluding the « B » Account of the National Bank of Belgium.

Balances on Postal Cheque Accounts

The free balances of depositors other than Treasury Agents at the Postal Cheque Office vary with the total money supply, but are also influenced by the public's preference as between this form of money and others. At the end of 1954 they had risen above Fr. 22,000 million; afterwards they fell in January, 1955 to Fr. 20,500 million, and did not appreciably diverge from that total until December.

The velocity of turnover on these accounts varied between wider limits than in 1954, although the average for the first eleven months differs little from what it was in that year.

Counterparts of the Money Supply and of Balances on Time Accounts

Altogether the money supply and balances on time accounts increased by Fr. 10,700 million between November, 1954 and November, 1955. The increase for the first eleven months of 1955 amounted to Fr. 6,600 million; its counterparts in the balance sheets of monetary institutions took the form mainly of rises of Fr. 5,700 million in gold and foreign assets and Fr. 2,100 million in claims on the Treasury, and of a fall of Fr. 500 million in lendings to business and private customers.

Examination of the nature and origin of these movements will bring to light the basic causes of monetary expansion.

Balance of Payments

During 1955 the accumulation of gold and foreign assets by the banking system formed the largest counterpart to the issue of currency. It reflects a surplus on the balance of payments. As to current trans-

actions in particular the surplus in relation to the Congo remained at a high level, while the deficits in gold and convertible exchange and in currencies of member countries of the European Payments Union became smaller or disappeared.

The movement in gold and foreign assets takes account of the foreign exchange bought and sold on the free as well as on the regulated market, and also of changes in the amount of liabilities on « L » or Financial Accounts. In principle the balance of payments figures include only transactions giving rise to a banking settlement during the period considered; other transactions could not be taken into account except where their amount was known.

In the first half of 1955 the total gold and foreign assets rose by Fr. 2,200 million.

During that period exports grew more rapidly than imports, so that trade in goods showed a surplus of Fr. 3,300 million. Invisible transactions yielded a surplus of Fr. 700 million, due amongst other causes to a reduction in tourists' expenditure financed through the banking system and to an expansion of investment income.

Capital transactions of the public and private sectors resulted in a net deficit of Fr. 2,200 million during the first half-year.

The Government placed on the American and Dutch markets loans amounting to a total of Fr. 3,000 million. As against this it repaid Fr. 1,900 million of Treasury Certificates held abroad.

Private capital movements resulted in an outflow of Fr. 2,900 million. In this connection two important steps were taken by the Belgian-Luxemburg Foreign Exchange Institute. On 1st April « L » Accounts in Belgian francs, holders of which had to be persons domiciled in one of the member countries of the European Payments Union, were replaced by « Financial Accounts » which can be opened in favour of any foreigners. In addition a free market, comprising all

currencies and available to all Belgian residents as well as to foreigners, was authorised as from May, whereas previously transactions were not allowed in dollars and could not be effected by banks or non-residents.

In the third quarter of the year there was again a large surplus on current transactions. Those of the public authorities on capital account were in balance, while exports of private capital remained larger than imports.

So far no figures for the fourth quarter are available, but the balance of payments is likely to have shown a surplus for that period.

Balance of Payments in Gold and Convertible Currencies

The holdings of gold, United States and Canadian dollars and free Swiss francs are affected by current and capital transactions in those currencies both with the United States, Canada and Switzerland and with all other countries or international institutions, and also by arbitrage deals, in particular those within the European Payments Union.

During the first half-year the holdings of gold and convertible currencies increased by Fr. 1,200 million in spite of a deficit on current transactions and on private capital movements.

The adverse balance on trade in goods reached Fr. 1,000 million, and that on services and donations Fr. 1,300 million.

Net exports of private capital amounted to Fr. 2,300 million.

The public authorities' transactions on capital account were in balance within a few hundreds of millions of francs. The Government obtained Fr. 1,700 million from the issue of loans in the United States; but contractual redemption took Fr. 377 million, and the Treasury Certificates held in Switzerland decreased by Fr. 1,000 million.

The European Payments Union paid Fr. 2,400 million in dollars to the Belgian-Luxemburg Economic Union, Fr. 1,800 million being in settlement of monthly surpluses while Fr. 547 million represented the appropriate share in an exceptional repayment by France. Apart from this the repayments effected by debtor countries in accordance with the bilateral agreements concluded in 1954 reached Fr. 573 million.

Private arbitrage dealings yielded a net receipt of Fr. 2,100 million.

Arbitrage deals between Central Banks and international institutions also resulted in a surplus.

The addition to gold and convertible currency holdings continued during the second half-year. The Treasury increased its placings of Treasury Certificates in Switzerland by Fr. 939 million. Receipts of gold or dollars within the European Payments Union reached Fr. 4,200 million. Out of this total the settlements of monthly balances account for Fr. 2,900 million, repayments by debtor countries for Fr. 616 million, the annual instalment due on the special loan granted by the Belgian-Luxemburg Economic Union in 1952 for Fr. 250 million, and the share in a second exceptional repayment by France for Fr. 423 million.

Since 1st January, 1956, under a general authority granted by the National Bank, gold coin and bullion can be freely bought and sold in Belgium and imported or exported by any route without limitation and by any persons, whether Belgian or foreign.

Position within the European Payments Union

The Belgian-Luxemburg Economic Union's cumulative surplus within the European Payments Union rose from Fr. 37,600 million in December, 1954 to Fr. 45,300 million at the end of 1955.

During the first half of the year it increased by Fr. 3,700 million. Exports exceeded imports, transactions for account of the Congo

yielded a net receipt of Fr. 3,600 million, and the issue of a loan in the Netherlands by the Belgian Government produced Fr. 1,300 million; on the other hand invisible transactions and official and private arbitrage dealings gave rise to net outgoings.

In the second half of the year the cumulative surplus grew by Fr. 4,000 million as a result of surpluses on trade and on transactions for account of the Congo.

In July, 1955 the European Payments Union was prolonged for a period of one year. On that occasion it was decided that the surpluses and deficits for August, 1955 and subsequent months would be settled in gold or dollars to the extent of 75 % against 50 % previously. At the same time the Belgian-Luxemburg Economic Union's creditor quota was fixed at 805 million units of account, no « rallonge » being provided for the 1955-1956 accounting year. The maximum amount of credit which Belgium may possibly be required to grant has not been affected by these new arrangements.

Position of the Belgian-Luxemburg Economic Union within the European Payments Union
(in millions of francs)

Period	Net Deficit or Surplus	Cumulative Surplus (at end of period)	Method of Settlement				
			By Payments in Gold or Dollars	By Credits granted to E.P.U.	By Credits granted to France and to the United Kingdom (1)	By Repayment in Gold or Dollars of Bilateralised Claims	Total
June, 1950 to Dec., 1953	+38,894	+38,894	+22,954	+13,440	+ 2,500		+38,894
1954	— 1,301	+37,593	+ 398	— 4,844		+ 3,145	— 1,301
1955 1st half	+ 3,670	+41,263	+ 2,382 [2]	+ 715 [2]		+ 573	+ 3,670
2nd half	+ 4,009	+45,272	+ 3,566 [3]	— 173 [3]		+ 616	+ 4,009
June, 1950 to Dec., 1955	+45,272	+45,272	+29,300	+ 9,138	+ 2,500	+ 4,334	+45,272

(1) These credits have been progressively repaid through armament deliveries.
(2) Allows for a receipt of Fr. 547 million in dollars, representing the Belgian-Luxemburg Economic Union's share in an exceptional repayment by France.
(3) Allows for the amortisation of the special loan granted to the European Payments Union in 1952, and for a receipt of Fr. 423 million in gold representing the Belgian-Luxemburg Economic Union's share in an exceptional repayment by France.

Gold and Foreign Assets of the National Bank

Among the banking system's holdings of gold and foreign assets those of the National Bank are by far the largest. They increased by Fr. 5,600 million during the past year.

The holdings of gold and convertible currencies showed a rise of Fr. 4,400 million. The gold alone increased from Fr. 38,900 million in December, 1954 to Fr. 46,400 million in December, 1955. On the other hand the convertible currencies dropped from Fr. 3,300 million to Fr. 259 million, conversions of dollars into gold having been large.

Gold and Foreign Assets of the National Bank of Belgium

(in millions of francs)

At end of	Gold Holding	Foreign Assets (convertible)	Claim on E.P.U.	Net Assets or Liabilities under Bilateral Payment Agreements with E.P.U. Countries	Other Net Assets or Liabilities	Total Gold and Foreign Assets	Movement in Gold and Foreign Assets
1950 June	29,061	4,036 [1]	—	7,342	—1,790	38,649	—
1953 December ...	38,786	902	13,440	589	—1,307	52,410	+8,704 [2]
1954 December ...	38,911	3,339	8,596	638	— 915	50,569	—1,841
1955 January	39,044	4,107	8,877	466	— 813	51,681	+1,112
February ...	40,251	3,573	8,492	870	— 873	52,313	+ 632
March	41,203	2,752	8,814	1,292	— 346	53,715	+1,402
April	42,051	2,921	9,412	— 114	— 193	54,077	+ 362
May	42,390	2,237	9,302	213	— 129	54,271	+ 194
June	41,936	1,799	9,311	36	— 158	52,924	—1,347
July	42,236	1,709	9,033	197	— 236	52,939	+ 15
August	42,743	1,221	9,092	536	— 111	53,481	+ 542
September ...	43,832	821	9,122	864	— 306	54,333	+ 852
October	45,487	406	9,286	727	— 395	55,511	+1,178
November ...	46,088	104	9,402	1,038	— 162	56,470	+ 959
December ...	46,385	259	9,138	435	— 95	56,122	— 348

(1) Including the claim of Fr. 3,441 million on E.C.A.
(2) Excluding the accounting increments resulting from revaluation of the gold holding (Fr. 4,415 million) and of the claim on E.C.A. (Fr. 642 million).

The claim on the European Payments Union increased by that part of the monthly surpluses which was not payable in gold or dollars, namely 50 % up to the August settlement and 25 % thereafter. On the other hand it was reduced by various transactions such as the repayments received from debtor countries under the agreements made in 1954, the exceptional repayments by France in February and December, and the yearly payment falling due on the special loan of 1952. In the final result the increase amounts to Fr. 541 million for the year. The claim remained throughout below the sum of Fr. 10,066 million

which the National Bank is prepared to carry with its own resources. Accordingly the National Industrial Credit Company has not needed to pay Belgian francs to the Bank by way of counterpart for advances or credits granted in excess of that sum; it had undertaken to do this to the extent of Fr. 1,000 million under an agreement which was concluded on 11th May, 1955 and was to expire on the following 30th June, but was afterwards prolonged to 30th June, 1956.

Since the claims dating from before the formation of the European Payments Union were entirely repaid by June, 1954, the net claims on member countries or net liabilities towards them are confined to the balances which the Bank carries in its books between each settlement and the next.

The other net assets or liabilities are those which result for the National Bank from bilateral payment agreements and from financial arrangements with various countries not belonging to the European Payments Union. They also include the accounts of international financial institutions and of the Central Bank of the Belgian Congo and Ruanda-Urundi. The excess of liabilities over assets, which had been Fr. 915 million at the beginning of the year, was by December only Fr. 95 million. This was mainly due to a reversal of the position of Argentina, which became a debtor; on the other hand the creditor position of the U.S.S.R. was almost doubled.

Budgets

During 1955 tax revenues rose, while extraordinary expenditure fell; as against this the proceeds of consolidated internal loans were smaller than in 1954. In the net result the monetary institutions had to provide directly a little more than Fr. 1,000 million for financing the Treasury during the first eleven months of the year. They also bought Government securities on the capital market. The volume of money in circulation was thus affected in some degree by the movement in claims on the Treasury.

The 1955 financial year has not yet closed. The figures at present available do not permit a clear view of what the outcome of the ordinary budget will be. In particular the actual expenditure will be less than the appropriations requested of Parliament, since these are never fully used, so that a part of them is cancelled or carried forward at the close of the financial year.

The ordinary budget for 1956, as it appears from the proposals submitted for approval of the legislative chambers, is in balance. Tax revenues are expected to rise owing to the favourable state of activity and to certain increases which were ordered during 1955 in rates of taxes payable by stamp.

Ordinary Budget

(in millions of francs)

Source : General Budget Statement for 1956.

	Financial year 1954 (1)	Financial year 1955 (2)	Financial year 1956 (3)
Expenditure	79,548	84,557	83,983
Receipts	75,908	82,234	84,034
Balance	— 3,640	— 2,323	+ 51

(1) Results up to 30th June, 1955.
(2) Expenditure : initial estimates, amendments, special laws and supplementary estimates, but not including amendments to such supplementary estimates.
The receipts are calculated on the basis of actual receipts in the first seven months.
(3) Estimates.

Reckoned on the basis of calendar years the extraordinary expenditure would amount to Fr. 13,000 or 14,000 million in 1956 against Fr. 14,000 or 15,000 million in 1955. In addition Fr. 2,500 million will be spent in 1956 by the Road Fund.

If the proceeds of consolidated loans are eliminated, the estimated extraordinary receipts become Fr. 1,100 million for 1955 and Fr. 892 million for 1956, of which amounts Fr. 925 million and Fr. 739 million respectively represent foreign countries' share in work to be carried out by Belgium within the North Atlantic Treaty Organisation.

National Debt

The internal consolidated debt rose from Fr. 165,100 million in December, 1954 to Fr. 171,500 million in December, 1955.

In January it was reduced by Fr. 1,200 million owing to a redemption payment in respect of the Currency Reform Loan. Thereafter it was increased in April and May through a Government 4 % 20-year loan to which Fr. 6,600 million were subscribed, in July by a loan of Fr. 1,500 million for the Belgian National Railways Company the cost of which will be borne by the Treasury, and in October by a Fr. 2,500 million loan for the Road Fund.

National Debt

(in millions of francs)

Source : Treasury and Public Debt Administration.

At end of	Internal Debt			External Debt	Total Debt
	Consolidated	Medium Term	Short Term (1)	(2)	(1) (2)
1950 June	115,939	39,409	77,926	16,746	250,020
1953 December	139,188	33,098	87,955	21,688	281,929
1954 December	165,083	25,818	84,683	22,304	297,888
1955 January	163,810	26,020	84,753	23,414	297,997
February	163,572	26,028	87,162	23,409	300,171
March	163,760	26,036	87,564	24,073	301,433
April	165,754	26,042	87,743	24,685	304,224
May	169,956	26,049	84,764	24,363	305,132
June	169,411	26,057	85,228	23,526	304,222
July	170,545	26,061	84,224	23,548	304,378
August	170,462	26,064	83,619	23,918	304,063
September	170,446	26,064	84,191	23,878	304,579
October	172,528	26,046	84,805	24,564	307,943
November	171,887	25,944	87,112	24,527	309,470
December	171,466	25,851	89,649	24,297	311,263

(1) Excluding the Veterans' Endowment.
(2) Excluding inter-governmental debts resulting from the 1914-1918 war.

The medium-term internal debt was affected in January and October by the handing of Treasury Bills to Ruanda-Urundi. It was reduced during the last quarter of the year by maturities of two-year banking certificates and of special eighteen-month E.P.U. certificates. The holders of certain tranches of 1949 Treasury Certificates were entitled to claim repayment of them on 15th April, but made practically no use of this right.

The internal short-term debt increased from Fr. 84,800 million in January to Fr. 87,200 million in February. In May, after the Treasury had received the proceeds of the consolidated loan, it fell again to Fr. 84,800 million. It then remained fairly stable for some

months, but the transactions in November and December brought it up to Fr. 89,600 million at the end of the year.

The Government placed two loans abroad, one for $ 30 million at long and medium term in the United States in January, and the other for Fl. 100 million at thirty years in the Netherlands in March and April. In addition the Government drew Fr. 419 million between February and December on a loan of $ 20 million granted by the International Bank for Reconstruction and Development. The external debt was also affected by movements in the Swiss holding of Belgian Treasury Certificates. It amounted in December, 1955 to Fr. 24,300 million as against Fr. 22,300 million in December, 1954.

The overall national debt increased from Fr. 297,900 million in December, 1954 to Fr. 311,300 million in December, 1955. It thus rose by Fr. 13,400 million as compared with Fr. 16,000 million in

Claims of the National Bank of Belgium and Commercial Banks on the Treasury

(in millions of francs)

At end of	National Bank of Belgium (1)			Commercial Banks (2)			Grand Total
	Treasury Certificates	Other Public Securities (Short Term)	Total	Treasury Bills	Other Public Securities	Total	
1950 June	4,855	161	5,016	29,120	6,424	35,544	40,560
1953 December ...	7,970	70	8,040	31,530	12,223	43,753	51,793
1954 November ...	6,090	52	6,142	28,127	18,960	47,087	53,229
December ...	7,895	44	7,939	27,260	19,229	46,489	54,428
1955 January	7,470	92	7,562	28,584	19,195	47,779	55,341
February ...	8,545	152	8,697	28,916	19,296	48,212	56,909
March	7,765	117	7,882	30,409	19,320	49,729	57,611
April	7,340	98	7,438	30,838	19,896	50,734	58,172
May	6,120	144	6,264	30,382	19,670	50,052	56,316
June	7,500	169	7,669	30,819	19,792	50,611	58,280
July	6,000	876	6,876	30,251	19,629	49,880	56,756
August	6,975	539	7,514	30,165	19,583	49,748	57,262
September ...	7,940	107	8,047	30,847	19,670	50,517	58,564
October	7,340	69	7,409	31,463	19,715	51,178	58,587
November ...	8,230	89	8,319	31,559	19,985	51,544	59,863
December ...	8,800	118	8,918				

(1) Not including the Consolidated Claim on the Government (Fr. 34,660 million on 31st December, 1955) or the Government securities held by the National Bank.
(2) Since the end of October, 1952 the accounts of the offices in Belgium of the Bank of the Belgian Congo have been included in the total figures for the Belgian banks.

1954. Some of its component items which are financed by the banking system are of particular interest.

The amount of Treasury Certificates and other public securities discounted by the National Bank reached Fr. 8,700 million in February. It then fell to Fr. 6,300 million in May after the issue of the consolidated internal loan; and thereafter it moved irregularly until it reached Fr. 8,900 million in December.

The amount of Treasury Bills held by commercial banks, which had dropped to Fr. 27,300 million in December, 1954, again passed the Fr. 30,000 million mark in March, 1955, and stood in November at Fr. 31,600 million. The other public securities held by the commercial banks fluctuated only slightly in amount during 1955.

The various items in the balance sheets of the National Bank and the commercial banks which have just been analysed showed a total increase of Fr. 5,400 million during the first eleven months of the year.

Lendings to Business and Private Customers

The credits originally granted by monetary institutions, in particular commercial banks, go to business and private customers

Discounts, Advances and Acceptance Credits granted by Monetary Institutions to Business and Private Customers

(in thousands of millions of francs)

At end of	Credit granted to business and private customers resident in Belgium		Credit granted to business and private customers resident abroad		Total	of which : Credit originally granted by commercial banks
	Financed by monetary institutions (1)	Financed outside monetary institutions	Financed by monetary institutions (1)	Financed outside monetary institutions		
1950 June	27.3	3.1	1.1	0.2	31.7	30.1
1953 December	38.7	6.7	2.1	1.1	48.6	46.3
1954 November	40.0	8.0	2.0	1.4	51.4	49.7
December	41.7	8.1	1.7	1.6	53.1	51.0
1955 January	40.0	9.3	1.8	1.6	52.7	50.3
February	39.6	9.4	2.1	1.4	52.5	50.4
March	41.3	8.3	2.4	1.2	53.2	51.0
April	40.6	8.7	2.5	1.2	53.0	51.2
May	41.6	8.1	2.5	1.3	53.5	51.6
June	42.9	7.2	2.5	1.3	53.9	52.1
July	43.8	7.0	2.7	1.1	54.6	53.0
August	41.9	7.5	2.8	1.1	53.3	51.8
September	41.4	8.1	2.7	1.3	53.5	52.1
October	41.5	8.4	2.6	1.4	53.9	52.5
November	41.2	8.9	2.4	1.7	54.2	52.7

(1) Commercial banks, Rediscount and Guarantee Institute, National Bank of Belgium and National Fund for Credit to Trade and Industry.

resident in Belgium and to firms domiciled abroad. Part of the financing is carried by these institutions themselves, while the rest is carried by other public or private institutions such as the National Industrial Credit Company or insurance companies, as well as by foreign banks.

The amount of credit granted to physical persons or bodies corporate domiciled in Belgium, and financed by the monetary institutions, was greater by Fr. 1,200 million in November, 1955 than in November, 1954. During the first eleven months of 1955 it decreased by Fr. 500 million, and therefore did not contribute to the expansion of Fr. 5,000 million which took place during that period in the note and coin circulation and total sight deposits.

Advances at the commercial banks grew by Fr. 1,500 million between December, 1954 and November, 1955.

Discounts and Advances granted to Business and Private Customers and Financed by Commercial Banks (1)

(in millions of francs)

At end of		Discounts	Advances			Grand Total
			Stock Exchange Loans and Advances on Securities	Overdrafts	Total	
1950	June	8,282	744	12,891	13,635	21,917
1953	December	11,880	1,512	15,792	17,304	29,184
1954	November	12,204	1,465	16,968	18,433	30,637
	December	11,742	1,447	17,108	18,555	30,297
1955	January	12,343	1,515	17,242	18,757	31,100
	February	13,012	1,190	17,336	18,526	31,538
	March	14,487	1,123	17,365	18,488	32,975
	April	13,225	1,156	17,937	19,093	32,318
	May	13,241	1,425	18,273	19,698	32,939
	June	13,095	1,466	18,932	20,398	33,493
	July	11,171	1,433	19,180	20,613	31,784
	August	12,296	1,382	19,257	20,639	32,935
	September	12,777	1,489	19,210	20,699	33,476
	October	13,135	1,399	18,816	20,215	33,350
	November	14,635	1,239	18,854	20,093	34,728

(1) Since the end of October, 1952 the accounts of the offices in Belgium of the Bank of the Belgian Congo have been included in the total figures for the Belgian banks.

Total discounts varied in general between Fr. 12,000 and 13,000 million. However, they reached Fr. 14,500 million in

March and Fr. 14,600 million in November. On the other hand they declined to Fr. 11,200 million in July; during that month holiday spending and advance payment of taxes caused the usual contraction in deposits, and the amount of bills rediscounted by the banks at the National Bank, the Rediscount and Guarantee Institute and other public financial institutions exceeded Fr. 9,300 million as compared with Fr. 5,500 to 7,500 million during the rest of the year.

Acceptance commitments in Belgian francs showed a slight rise in relation to 1954 as a result of the growing popularity of this method of financing exports, together with the growth of external trade.

Acceptance Commitments in Belgian Francs (1) (2)

(in thousands of millions of francs)

At end of	Certified Acceptances		Acceptances not certified	Total
	Bank acceptances representing imports	Bank and commercial acceptances representing exports		
1950 June	2.1	0.8	0.5	3.4
1953 December	5.0	2.6	0.9	8.5
1954 November	5.0	2.8	1.1	8.9
December	5.0	2.7	1.1	8.8
1955 January	5.0	2.7	1.0	8.7
February	5.0	2.7	1.1	8.8
March	5.3	2.9	1.0	9.2
April	5.1	2.9	1.1	9.1
May	4.8	3.0	1.2	9.0
June	5.3	2.9	1.3	9.5
July	5.1	3.0	1.4	9.5
August	5.0	3.1	1.3	9.4
September	4.9	3.2	1.2	9.3
October	4.8	3.3	1.4	9.5
November	4.8	3.2	1.5	9.5

(1) Since the end of October, 1952 the accounts of the offices in Belgium of the Bank of the Belgian Congo have been included in the total figures for the Belgian banks.
(2) Excluding commercial acceptances not certified, the amount of which in circulation is not known.

On the other hand the amount of acceptances in foreign currencies fell from Fr. 1,000 million in December, 1954 to Fr. 476 million in November, 1955. At that time they accounted for only 5 % of all bank acceptances as compared with 11 % at the end of 1954. The chief reason for this decrease was the raising of

interest rates in foreign countries; in particular the extent to which Belgian imports of wool were financed in London and those of cotton in New York declined.

The distribution of import acceptance credits as between countries or monetary areas showed little change as between 1954 and 1955. In November, 1955 the European Payments Union accounted for Fr. 2,800 million out of a total of Fr. 4,800 million.

Acceptances representing exports, which include part of the certified bank acceptances and almost the whole of the certified commercial acceptances, rose during the first eleven months of 1955 from Fr. 2,700 million to Fr. 3,200 million, and their proportion to total outstanding certifications rose from 34 % to 40 %.

The Rediscount and Guarantee Institute played an active part on the market for acceptances. Its holding, consisting almost entirely of certified bank acceptances, varied between Fr. 1,700 and 3,000 million. The extent of its recourse to the National Bank by way of rediscount was greater than in 1954. Its rediscounts there grew in particular at times when the non-monetary institutions reduced their share in the financing of credits originally granted by commercial banks, namely in March and from June to August. They then decreased until November, after which they greatly expanded at the end of the year.

The rates applied by the Rediscount and Guarantee Institute to import and export acceptances were raised by 0.25 % on 4th August, 1955 at the same time as the official discount rate.

The bill holding of the National Bank, the lender in the last resort, was chiefly affected by changes in the outstanding total of bills sold to it by banks and by the Rediscount and Guarantee Institute.

On the whole it was not greater than in the previous year. In July it reached a maximum of Fr. 10,100 million as against Fr. 10,300 million in the corresponding month of 1954.

The advances against public securities, the amount of which is much smaller, were from March onwards at a lower level than in 1954 partly because of the disappearance of the advances granted for mobilising the « Special E.P.U. Accounts ».

Discounts and Advances by the Rediscount and Guarantee Institute and National Bank of Belgium for Business and Private Customers

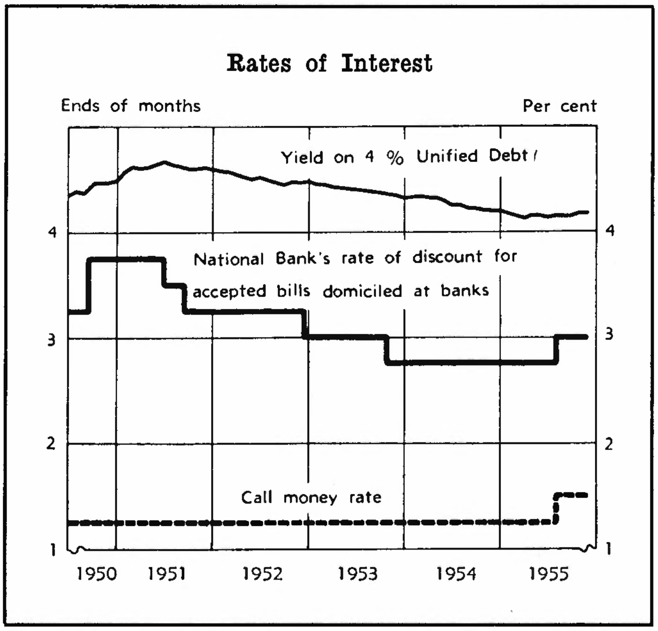
(in millions of francs)

At end of	Rediscount and Guarantee Institute	National Bank of Belgium		
		Commercial Bills (1)	Advances against Public Securities (2)	Total
1950 June	1,614	4,646	531	5,177
1953 December	2,498	8,320	948	9,268
1954 December	2,021	9,512	291	9,803
1955 January	2,628	6,662	680	7,342
February	2,249	6,375	528	6,903
March	1,710	7,135	785	7,920
April	2,702	5,995	231	6,226
May	2,202	7,339	556	7,895
June	2,232	8,286	970	9,256
July	3,028	10,133	205	10,338
August	2,020	8,562	401	8,963
September	2,409	6,765	355	7,120
October	2,615	6,630	278	6,908
November	2,580	4,737	613	5,350
December	1,752	8,399	210	8,609

(1) Including bills rediscounted by the banks and by the Rediscount and Guarantee Institute.
(2) Including advances made to banks, and among them the advances made to mobilise the « Special E.P.U. Accounts ».

The National Bank's rates of discount were altered on 4th August, 1955 in order to make allowance for the new conditions created by rapid economic expansion and by the rise in rates of interest in various countries. The rates for accepted bills domiciled at banks, for warehouse warrants and for certified acceptances were raised from 2.75 % to 3 %, and those for promissory notes from 4.50 %

to 4.75 %. In the case of unaccepted bills a fresh distinction was made between bills domiciled at banks, which are discounted at 4.50 %, and other bills, which are taken at 4.75 %. On the other hand the rates for loans and advances against public securities were made uniform at 2.1875 % for all Treasury Certificates at twelve months or less, while for other public securities they were fixed at 4.75 %.



Banking and Official Assistance to the Financing of Exports

Trade and industry had the benefit of the same facilities as before for the financing of exports.

The amount of the credit granted in a specific form which can be identified, that is to say in the form of certified acceptances, manufacturing credits and sundry other lendings, stood in September, 1955 at Fr. 5,300 million or at the same level as a year previously.

The National Del Credere Office, which helps to mobilise claims on foreign countries by giving its guarantee, expanded its business.

Lendings by the monetary authorities under bilateral or multilateral payment agreements, which indirectly promote sales of Belgian and Luxemburg goods on external markets, showed an increase; those granted to the European Payments Union and its member countries

rose from Fr. 9,100 million to Fr. 10,000 million between September, 1954 and September, 1955, while the amount of credit granted under other agreements increased by Fr. 400 million.

Banking and Official Assistance towards the Financing of Exports

(in thousands of millions of francs)

	31st December, 1952	31st December, 1953	30th September, 1954	31st December, 1954	30th September, 1955
Credits to finance Individual Exports					
Acceptances certified by the National Bank of Belgium :					
Bank Acceptances	1.7	1.5	1.6	1.8	2.2
Commercial Acceptances	1.0	1.1	1.2	0.9	1.0
Bank Acceptances not certified	(a)	(a)	(a)	(a)	(a)
Other Credits granted by the banks and certain public financial institutions .	1.0	1.3	1.4	1.7	1.5
Manufacturing Credits	0.8	1.5	1.1	1.1	0.6
Total	4.5	5.4	5.3	5.5	5.3
Assistance provided by National Del Credere Office	4.0	4.3	4.1	4.0	4.6
Credit extended by Treasury and National Bank of Belgium					
to European Payments Union	15.0	13.4	8.5	8.6	9.1
to E.P.U. Member Countries	4.5	3.6	0.6	0.8	0.9
on other Bilateral Payment Agreements	0.4	0.3	0.3	0.5	0.7

(a) Not ascertained.

The methods of financing payment agreements with countries which do not belong or have ceased to belong to the European Payments Union had been changed by the convention that was concluded on 14th September, 1954 between the Government, the National Bank and the National Industrial Credit Company. This last institution had agreed to grant assistance up to a total of Fr. 2,000 million whenever the National Bank's lendings exceeded its commitments, or whenever its claim on a specified country passed a given limit. During 1955 this obligation of the National Industrial Credit Company entailed the constitution at the National Bank of a special deposit, the amount of which never exceeded Fr. 125 million and was nil at the end of the year.

Credits granted to Institutions whose Liabilities are guaranteed by the Government

Various institutions whose liabilities are guaranteed by the Government discount their promissory notes at the National Bank. The Securities Stabilisation Fund is however the only one of these whose discounts reach large amounts : they do so at times when there is not enough money available in the non-clearing call money market to carry the Fund's security holding. It is therefore chiefly transactions of this Fund that account for fluctuations in the credit granted to Government-guaranteed institutions.

The amount of long-term loans issued by the public authorities was quite small at the beginning of 1955. The Securities Stabilisation Fund took advantage of a buying movement in order to sell a part of its holdings of public securities; the liquid resources which it obtained on the call money market were enough to cover its needs.

Credits granted by the National Bank of Belgium to Institutions whose Liabilities are guaranteed by the Government

At end of		Millions of francs
1950	June	3,356
1953	December	—
1954	December	1,183
1955	January	18
	February	20
	March	111
	April	1,083
	May	646
	June	970
	July	1,342
	August	840
	September	1,436
	October	1,385
	November	332
	December	783

The issue of the Treasury's loan in April led to many arbitrage deals. The Fund had to resort to the National Bank at a time when the money market was tight.

Thereafter until September the Fund's security holding in general remained above its previous levels and, although the call money market became wider, the financing of that holding entailed greater and more regular recourse to the National Bank than in the previous year. This state of affairs is partly explained by the smaller popularity of fixed-interest securities at times of prosperity and when prices of equities are rapidly rising.

During the last quarter of the year the bond market again became a buyer, and the National Bank's lendings to the Fund decreased.

Call money was on the whole more plentiful than in 1954. The daily average total at call rose from Fr. 5,300 million in January to Fr. 6,400 million in August in spite of decreases when the Treasury's loan was issued and at the turn of the half-year. It then gradually contracted until it reached Fr. 5,300 million in November, after which it rose again to Fr. 5,900 million in December.

Call Money Market

Call Money Market
(in millions of francs)

Daily Average for	Total Money on Call	Amounts Lent by		Amounts Borrowed by		
		Clearing Institutions	Non-Clearing Institutions	R.G.I. for its own account	Securities Stabilisation Fund	Sundry Institutions
1950 1st half	4,296	2,400	1,896	2,024	1,955	317
1954	5,336	2,752	2,584	2,733	2,295	308
1955	5,639	2,663	2,976	2,556	2,807	276
1955 January	5,288	2,646	2,642	2,485	2,563	240
February	5,685	2,500	3,185	2,843	2,570	272
March	5,701	2,758	2,943	2,810	2,594	297
April	5,145	2,672	2,473	2,445	2,432	268
May	6,059	2,830	3,229	2,582	3,184	293
June	5,618	2,365	3,253	2,147	3,188	283
July	5,744	2,701	3,043	2,535	2,953	256
August	6,402	2,703	3,699	2,508	3,608	286
September	5,430	2,575	2,855	2,390	2,761	279
October	5,373	2,774	2,599	2,610	2,499	264
November	5,337	2,637	2,700	2,554	2,493	290
December	5,851	2,797	3,054	2,765	2,807	279

The commercial banks remained the chief lenders of clearing funds. Since the amounts which they provided were in general fairly constant, the fact that contributions from the other clearing institutions were more irregular had little effect on the total volume of funds offered.

Total offerings on the market in non-clearing funds increased, partly owing to money provided by fresh lenders.

The Rediscount and Guarantee Institute was a taker, for its own needs, of all the surplus funds in the clearing market, and did not relend part of them to the non-clearing market as it had at times done during 1954.

On 4th August, 1955 the rate for call money loans was put up from 1.25 % to 1.50 % on both markets. For the clearing market this was the first change since 19th November, 1949.

Financial Investments

Saving by enterprises and individuals may either be directly applied to carrying out capital projects and forming stocks of goods, or be put into savings deposits, securities or mortgage loans.

Most forms of financial investment which can be recorded were on a smaller scale than in 1954.

At the banks the balances on time accounts and deposit books increased by only Fr. 1,600 million between November, 1954 and November, 1955. During the same period the outstanding total of bonds issued by the banks grew at a slower rate than in the past. The overall increase in bank resources derived from saving was Fr. 2,500 million as against Fr. 4,300 million during the preceding twelve months.

General Savings Fund
Deposits on Individual Savings Books
(in millions of francs)

Monthly Average for	In-payments	Out-payments	Net Movement
1950 1st half	828	612	+ 216
1954	1,115	897	+ 218
1955	1,132	999	+ 133
1955 January	1,579	733	+ 846
February	1,135	788	+ 347
March	1,015	1,117	— 102
April	973	1,430	— 457
May	994	1,135	— 141
June	1,038	1,090	— 52
July	1,219	1,018	+ 201
August	1,117	917	+ 200
September	1,082	899	+ 183
October (p)	1,130	946	+ 184
November (p)	1,037	813	+ 224
December (p)	1,266	1,102	+ 164

(p) Provisional figures.

The growth in the amount of deposits on individual savings books at the General Savings and Pensions Fund was slower than in the previous year. While the in-payments were of roughly the same amount, out-payments were definitely greater, actually exceeding the in-payments from March to June. The average monthly excess of deposits over withdrawals was reduced from Fr. 218 million in 1954 to Fr. 133 million in 1955.

Between the two years the gross public issues of the Government, autonomous funds, local authorities, para-statal institutions and the Congo dropped from Fr. 38,200 million to Fr. 14,800 million. This drop is partly due to the fact that the 1954 total had been swollen by conversions.

The Treasury entered the capital market as a borrower for Fr. 6,600 million in April and May, the Belgian National Railways Company for Fr. 950 million in April and Fr. 1,500 million in July, the Road Fund for Fr. 2,500 million in October, and the Congo for Fr. 2,100 million in December.

Net issues of shares and bonds by Belgian and Congo industrial and trading companies amounted to Fr. 4,300 million between January and November, 1955 as against Fr. 4,200 million for the corresponding period of the previous year.

Finally the amount of mortgage registrations, which chiefly depend on the volume of building, remained around the 1954 level of about Fr. 20,000 million.

Stock Exchanges

The amount of stock exchange business increased. The monthly average amount of total dealings on the Brussels share markets reached Fr. 3,100 million as compared with Fr. 2,300 million in the previous year. The index of prices for cash dealings rose from 113 in December, 1954 to 142 a year later, especially notable rises being recorded in April, July and August.

Market for Dividend-Bearing Securities

Period	Index of Quotations Basis : 1954 = 100 (1)	Total Dealings per month (in millions of francs) (2)
1950 1st half	61	873
1954	100	2,266
1955	133	3,099
1955 January	118	3,239
February	119	2,779
March	120	3,217
April	128	3,625
May	126	2,635
June	127	2,798
July	137	3,199
August	145	3,976
September	146	3,982
October	139	3,029
November	144	2,618
December	142	2,090

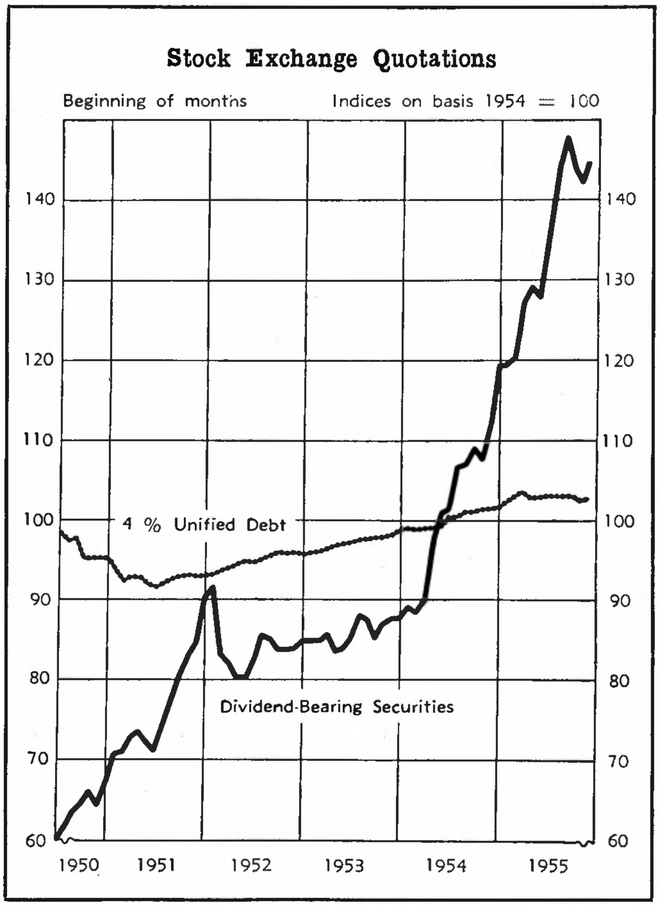
(1) Brussels and Antwerp Stock Exchanges. Dealings for cash. Average of 1st and 15th of each month.
(2) Brussels Stock Exchange. Dealings for cash and the account.

Not all categories of shares showed the same degree of improvement. Colonial shares, and in particular mining shares, were sought by buyers. Securities of paper

mills and plate glass works were affected by the improvement of activity in those trades; and since the markets for them on the stock exchange are not very wide, the effect was relatively great. The coal mines shared in the general movement, as they had not done in 1954. On the other hand textile shares fell further.

The market in bonds of trading and industrial companies became even narrower; this narrowness is chiefly due to the fact that virtually no further public issues of bonds for the private sector of the economy are being made.

The yields of fixed-interest securities, which had been tending downwards for several years, became stabilised in the course of 1955.



During the first few months the yields on loans of the Government, municipalities and para-statal institutions declined further, but at the close of the year they were above the minimum levels recorded during the first six months. Thus the yield on the 4 % Unified Debt, which had been 4.20 % in January, fell to 4.13 % in April. As from the following month however it recovered, and after a temporary pause in July it rose gradually to 4.17 % in November and December. Apart from this the yield on Government

loans at 5 to 20 years stood in December at 4.68 %, or 0.15 % higher than the low point in March; and the yield on loans of munici-

Yield on Fixed Interest-bearing Securities

Start of Period	Government		Municipalities and Para-statal Institutions	
	Unified Debt (4 %) (1)	5 to 20 years (4.25 % and 4.50 %) (2)	5 to 10 years (4 % and 4.50 %) (3)	5 to 20 years (4 %) (2)
1950 July	4.35		4.45	
1954 January	4.33	4.79	4.45	4.96
1955 January	4.20	4.59	4.38	4.61
February	4.17	4.55	4.29	4.59
March	4.15	4.53	4.24	4.54
April	4.13	4.54	4.25	4.49
May	4.16	4.58	4.28	4.48
June	4.16	4.54	4.29	4.47
July	4.14	4.54	4.26	4.47
August	4.15	4.60	4.30	4.49
September	4.15	4.72	4.40	4.59
October	4.15	4.73	4.40	4.58
November	4.17	4.73	4.39	4.59
December	4.17	4.68	4.38	4.58

(1) Flat yield only.
(2) Loans redeemable by variable annual instalments.
(3) Loans repayable at fixed date.

palities and para-statal institutions having a similar life stood in December at 4.58 %, or 0.11 % above the low point in June and July.

PRODUCTION AND TRADE

The recovery in the world's economy which began in 1954 became more marked and widespread during 1955, new records in production and trade being achieved.

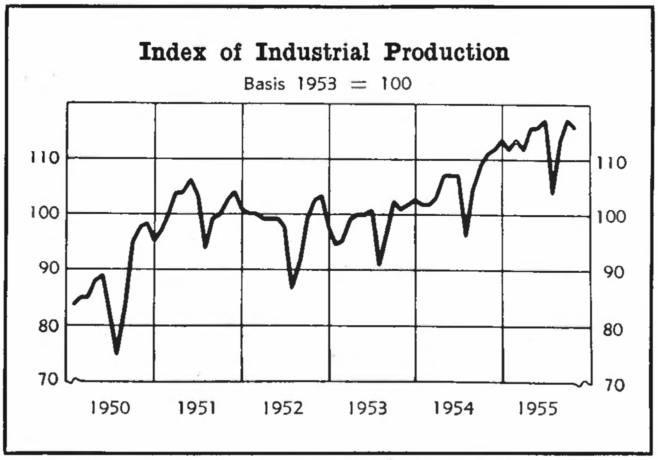
Demand, which was especially keen in the private sector, was chiefly directed to capital goods and durable consumer goods. It continued to be somewhat restrained in regard to the Western countries' textile products, which were exposed to growing competition from the new countries. Sales of these products in some cases increased in quantity, but the prices for them declined further on the whole.

The general expansion, varying in extent from one country to another, was especially marked in the United States and Germany. Everywhere it was relatively more rapid during the first half of the year. In the course of that period the extent to which production factors were engaged reached its peak in a number of fields, amongst others in metalworking; the further adjustment of output to requirements was accordingly hindered by shortages of man-power, of fuels and of various raw materials. This resulted in inflationary pressures, the strength of which varied as between different countries. They compelled Governments to impose credit restrictions of greater or lesser severity.

The Belgian economy shared fully in the general prosperity. The index of industrial production rose above the highest post-war levels. The same applied to exports during the last quarter. Cyclical

unemployment disappeared, and except in a few regions full employment may be regarded as having been achieved.

Yet the disequilibria and excesses inherent in the economic upswing remained limited in extent by comparison with those in most other countries. Strains were slower to appear on the labour market, since unemployment was still somewhat high at the beginning of the year. Shortages of labour, chiefly skilled, appeared in the second half of the year; they remained more or less confined to branches of activity which were particularly active and to the coal mines, the total man-power employed in which had been reduced in 1954.



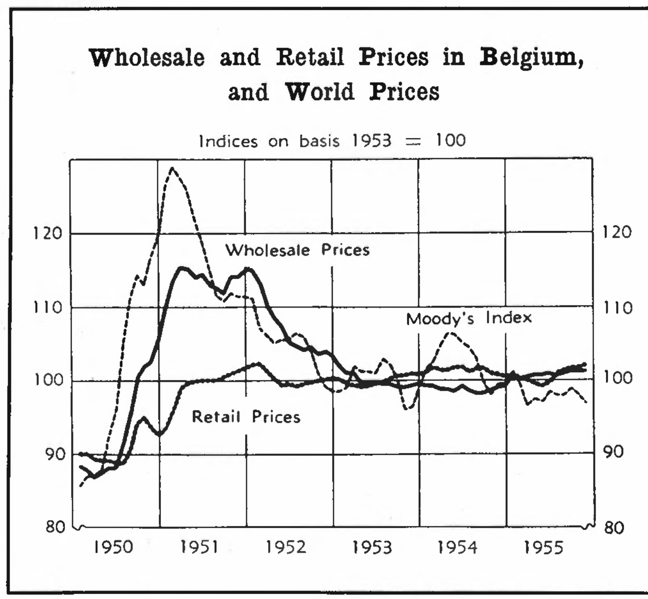
Source : Social and Economic Research Institute of Louvain University.

The Government tried to remedy this by again resorting to the help of foreign miners, and by returning to the labour market as from September a part of the unemployed for whom work had been found by local authorities. The reduction in the available labour supply led to wage increases, which varied between different trades but were on the whole moderate during the first three quarters of the year. In the second half-year the claims of organised labour became wider, including a demand for a reduction of working hours to 45 per week. These claims have already resulted in agreements covering various branches of activity.

The overall price level varied little in spite of the trend in economic activity. Wholesale prices rose about 2 % ; the price rises in metalworking, the chemical industry and some sections of the building trade were partly offset by the persistent fall in the prices of most textiles and of some farm products which were affected by the

existence of world surpluses. Retail prices remained practically unchanged apart from seasonal fluctuations.

External trade was extremely brisk. Imports, already expanding strongly in 1954, rose further. Exports rose more rapidly still. The trade deficit was reduced, becoming converted into a surplus with the countries of the European Payments Union. At the same time the terms of trade improved.



In regard to the economic integration of Belgium and its partners in Benelux no fresh agreement was concluded in 1955. But the efforts to align farming policies were pursued. Under a decision taken in May the Agricultural Protocols signed in 1953 will have to be ratified within a year. An Agricultural Fund, authorised to grant subsidies, has been set up. Apart from this the obstacles which divide the three countries' economies have been reduced through wage increases in the Netherlands and by cooperation between the countries' industrialists in various fields.

Coal Mines

The output of the coal industry rose from 29.2 million tons in 1954 to 30 million tons in 1955.

This increase was less than that in demand. It was kept down by the shortage of labour. The man-power employed fell by 10,000

between January, 1954 and June, 1955; it has risen during the past six months, mainly owing to the bringing of Greek and Italian workers into the mines. The total number of workers employed in these reached 130,000 at the end of 1955.

The engagement of less experienced workers did not prevent individual output from growing; the average amount of coal mined per worker each day was 825 kg in 1955 as against 784 kg in 1954. The improvement is due to the steps taken to rationalise and re-equip a number of large mines.

The demand for coal within the country, having been greatly increased by the economic expansion, was regularly met only through an increase in the buying of foreign fuels. Total coal imports in 1955 reached 3.6 million tons. Industrial demand turned on a larger scale to the United States, because the traditional European suppliers were compelled by the increase in orders on their home markets to cut down their deliveries to foreign customers.

Coal Production

(in thousands of tons)

Source : Directorate General of Mines.

Monthly Average for	Production	Output per Working Day
1948	2,224	87.7
1951	2,472	97.9
1953	2,505	99.3
1954	2,437	96.3
1955 .... *(p)*	2,496	98.5
1955 1st quarter	2,500	98.7
2nd »	2,499	100.0
3rd »	2,312	89.9
4th » . *(p)*	2,672	105.5

(p) Provisional figures.

The foreign demand for Belgian fuels also greatly increased. Total exports exceeded by more than 2 million tons the already high total of 5.4 million tons reached in 1954.

France and the Netherlands remained the largest customers on the common market. The United Kingdom bought more lower grade coal to supply its electric power stations.

The increase in total sales brought pithead stocks down from 2,815,000 tons at the end of 1954 to 381,000 tons at the end of 1955.

The Belgian coal price system was considerably changed in June. The High Authority of the European Coal and Steel Community lowered the scale of prices for bituminous coals, and permitted a rise in the scale for lean coal. It also authorised producers freely to fix quotations for certain kinds of coal which account for a third of the country's output.

The policy of financial aid to the coal industry was also revised.

The High Authority abolished subsidies on the output of coal where the prices can be freely fixed. It also decided no longer to grant assistance to three mines which it regards as being already able to meet competition in the common market. The money thus saved is being distributed between the other coal mines. The sums paid in respect of perequation by the Belgian Treasury and the European Coal and Steel Community between 1st January and 30th September, 1955 amounted to Fr. 827 million. They serve to subsidise the price of coal on the home market, as well as certain exports to member countries. In view of the state of the market however the subsidies on exports were progressively reduced, and then abolished as from 31st March, 1955.

Apart from this regular aid the High Authority has made provision for exceptional assistance to the extent of Fr. 200 million for the purpose of reorganising four mines in the Borinage district, commonly called « marginal mines », and of promoting the re-employment of part of their labour in other industries.

Finally the Belgian Government was authorised by a law of 12th July, 1955 to take part in the financing of capital projects. It may give its guarantee, up to Fr. 4,000 million and for a maximum period of 20 years, on loans which public credit institutions and the European Coal and Steel Community may grant to coal mines and to the mines' power stations in order to finance equipment and extension.

This body of measures is helping to speed the adjustment of the coal industry to the conditions which will prevail on the common market when the transition period ends on 10th February, 1958.

Coking Plants

The output of coke was in general adjusted to the strong demand from the steel industry. Whereas it amounted to a total of 5,589,000 tons in the first eleven months of 1954, it reached 6 million tons in the corresponding period of 1955. The needs of the Belgian and Luxemburg industries were met in priority to others. The result was that exports were reduced from 830,000 tons in the former period to 694,000 in the latter. The prices of coke for blast furnaces rose by 4 %, and those for other grades of coke by about 12 %.

Gas

The growth in the coking plants' activity caused a rise in the first ten months' output of gas from 1,604 million cubic metres in 1954 to 1,713 million in 1955.

The amount of gas delivered for public consumption increased less between the same periods, namely from 642.1 million cubic metres in 1954 to 682.7 million in 1955.

The chief consumers of gas are medium-sized industrial and trading enterprises.

Electricity

The increase in output of electric power reached 5.7 % for the first eleven months. The rate of growth was faster than the average for the past few years, although slower than in 1954.

An important convention was signed in July by representatives of the electricity industry, the Federation of Belgian Industries and the associations of trade unions. It provides for coordinating the policy followed by producers in respect of output, capital investment

and prices under the supervision of representatives of the bodies signing the convention, together with observers from various ministries and from the Central Council of the Economy.

The petroleum refineries increased their output capacity during 1955. The crude petroleum handled amounted to 4.9 million kilolitres for the first eleven months, as against 3.9 million in the corresponding period of 1954. **Mineral Oils**

Petroleum Refineries

Source : Ministry of Finance. Excise Department.

Monthly Average for	Input of Crude Petroleum	Production		
		Light Oils	Other Oils used for Fuel	
			Fuel Oil	Others
	Thousand kilolitres	Thousand kilolitres	Thousand tons	
1948	23.6	3.1	9.2	3.4
1951	82.6	18.5	32.9	16.0
1953	307.7	78.5	111.6	65.9
1954	365.2	95.2	126.0	74.6
1955 (first 11 months)	450.9	119.4	142.7	96.0
1955 1st quarter	364.1	87.4	123.0	70.8
2nd »	451.2	118.4	144.0	98.2
3rd »	511.1	146.2	149.2	110.4
October	472.8	125.1	146.5	111.4
November	497.6	132.7	178.3	106.9

The demand for mineral oils increased on the home market, chiefly in respect of petrol and fuel oil, consumption of which was greater both in industry and for domestic purposes. Sales to neighbouring countries also grew.

Wholesale prices for petroleum were affected by the rise in marine freights, and the overall index for them rose by 3.6 %.

Steel output rose as from the beginning of 1954. It did so more rapidly than that in other industries and reached new peaks. The increase in the output of raw steel was 19 %. Despite this it was **Steel Industry**

not possible during recent months to meet requirements within the normal periods owing to the growing scarcity of skilled labour, coupled with the fact that output capacity was already engaged practically to the maximum extent.

Production of Pig Iron, Raw and Finished Steel

(in thousands of tons)

Source : National Statistical Institute.

Monthly Average for	Pig Iron	Raw Steel	Finished Steel
1948	328	321	259
1951	404	417	324
1953	351	366	280
1954	385	413	302
1955 1st quarter	442	483	364
2nd »	447	487	359
3rd »	445	483	347
October	441	501	393
November (p)	458	500	371
December (p)		510	

(p) Provisional figures.

The supply of ores remained relatively easy. Imports increased, especially those of French ores; transport costs for these latter fell by 15 % owing to the introduction as from 1st May, 1955 of through rates within the countries in the common market. The provision of scrap entailed greater buying from the United States. The amount of refinery pig iron needed by the open-hearth steelworks was very great owing to their high level of output. To meet these needs it proved necessary to import foreign pig iron of Russian origin, the terms for the sale of which were especially favourable.

The rapid growth in orders for Belgian steel products caused their prices to rise. The price scales which are lodged with the High Authority of the European Coal and Steel Community, and apply both on the home market and on markets of member countries, raised the Seraing parity price of merchant steel from Fr. 4,600 per ton at the end of 1954 to Fr. 4,950 in November, 1955. The working of the common market helps to promote total sales and to even out price movements. Since the spring of 1955 the rise in steel prices has been more moderate within the Community than in Great Britain and the United States.

The minimum export prices fixed under the Understanding reached at the Brussels Convention were several times raised. After

having been Fr. 4,800 per ton f.o.b. Antwerp at the end of 1954 they were put up to Fr. 4,950 in May, Fr. 5,000 in July and Fr. 5,250 in September. Thereafter they were not again changed as regards merchant steels for destinations other than North America. The minimum rates applying to sales to the United States and Canada were raised more quickly; but up till the end of November they nevertheless remained lower than the prices charged for shipments to other countries.

Relatively large price supplements were paid throughout the year. Export unit prices meanwhile rose from Fr. 5,068 per ton in the last quarter of 1954 to Fr. 5,641 per ton in the third quarter of the following year.

Exports of steel products from Belgium and Luxemburg in the first ten months showed an increase of 33 % in value and 19 % in weight by comparison with their 1954 average. Three-quarters of the sales were made to the countries of the European Payments Union. Germany became the largest customer, taking 18 % of the total against 13 % in the previous year. The Netherlands took second place with 14 %, being followed by France with 9 % as compared with 6 % in 1954.

The British market remained unimportant as an outlet during the first months of the year, although exports to it were stimulated by cuts in import duties that were ordered in January so as to remedy the shortage of domestic steel production, and also by the strikes which slowed down output in June. In the second half-year the sales from Belgium greatly increased.

Productivity in the Belgian steel industry has constantly improved during the past two years. This has favourably influenced effective operating costs. The modernising of equipment, rationalisation of working methods and full use of productive capacity are important factors in determining productivity. Apart from the efforts made in these directions a number of large producers in the

course of 1955 drew up fresh programmes for extending their equipment.

Non-ferrous Metals

Activity in the non-ferrous metal industries was on the whole at about the 1954 level.

Output of semi-finished goods was maintained by the good state of activity in the metal manufacturing industries. It increased by 16 % on the first ten months taken together.

Production of Non-Ferrous Metals

(in tons)

Source : Union of Non-Ferrous Metal Industries.

Monthly Average for	Raw Products				Semi-finished Products
	Copper	Zinc	Lead	Tin	
1948	11,350	12,827	5,503	1,023	12,322
1951	11,846	16,741	5,887	835	16,470
1953	12,527	16,119	6,363	821	12,833
1954	12,801	17,758	5,992	995	14,561
1955 (first 10 months)	12,607	17,485	6,888	905	16,355
1955 1st quarter	11,700	17,324	6,443	1,084	16,177
2nd »	13,890	17,996	5,669	817	15,958
3rd »	11,927	17,112	8,194	835	15,777
October	13,516	17,550	7,962	843	19,817

At the stage of raw metals output was somewhat less than in the previous year, except in the case of lead, where it was up by 15 %.

World prices for the chief non-ferrous products were subject to pressures of varying extent, which produced their effects on Belgian prices.

Copper prices rose considerably. On the New York market the price for electrolytic, which had been 33.5 cents per lb at the beginning of the year, rose to a peak of 51.35 cents in September and ended at 49 cents in December. These movements were due to exceptional causes. Strikes affected production, especially in the United States,

Chile and Rhodesia; and supplies were difficult until the autumn, even though the United States Government placed at the market's disposal a substantial part of the stocks which it had built up under the Defence Production Act.

Belgian copper prices, which move closely parallel to those on world markets, reached Fr. 50 per kg in September after having been Fr. 35 at the beginning of January. They have been stable around Fr. 49.50 since October.

The rises in prices of lead, zinc and tin were much less marked.

On the world markets for lead and zinc there is an important factor of equilibrium in the United States Government's strategic stockpiling. The price of lead has however become less dependent on that factor, since its statistical position has improved.

Firmness in the price of tin was assisted both by the drop in output during the second half-year and by a revival of world demand for tinplate.

As a result of the greater firmness of prices the total value of Belgian exports of non-ferrous products showed for the first nine months a year-to-year increase of 16 % for semi-finished goods, and one of 13 % for the raw metals. France, the Netherlands, Germany and the United States took the greater part of these exports.

Metal Manufactures

Most of the metal manufacturing industries improved their position during the year.

Total bookings of orders in the first eleven months were 14 % greater than a year earlier, and exceeded all previous records. Total deliveries showed a parallel rise. There were increases both on the domestic market and, still more, on export markets.

The various industries did not share in this movement in equal degree.

Activity was high in most of the industries producing primary products, such as wire-drawing, in spite of some slowing down in the spring; at the steel moulding works, which however felt the effect of troubles in the railway rolling-stock industry; and at the rolling mills.

Metal Manufactures (1)

(in millions of francs)

Source : Fabrimétal and National Statistical Institute.

Monthly Average for	Orders Booked	Exports	Deliveries to Domestic Market
1948	3,158	1,109	2,044
1951	4,392	1,587	2,243
1953	3,543	1,531	2,401
1954	4,785	1,613	3,244
1955 (first 11 months) *(p)*	5,397	1,887	3,590
1955 1st quarter	5,261	1,857	3,338
2nd »	5,454	1,798	3,872
3rd » ...... *(p)*	5,229	1,912	3,630
October .... *(p)*	5,099	2,153	3,693
November ...... *(p)*	6,440	1,905	3,425

(1) Production by sub-contractors not deducted. Basis of census widened as from 1954.
(p) Provisional figures.

In shipbuilding the order-books continued to be well filled, while ships were delivered to Portugal, Denmark and the U.S.S.R.

Troubles persisted in the railway rolling-stock industry, although during the first half-year large orders were received from India, Portugal and South America by the branch most seriously affected, namely that producing waggons and coaches.

In the automobile industry a number of producers proceeded with the setting up of assembly lines. Activity was very great, with the work done for neighbouring countries increasing. The total number of vehicles assembled during the first six months of the year exceeded the 1954 average by 18 %.

Electrical engineering greatly benefited from the economic upswing, which was reflected in growth of the demand for capital goods for power stations simultaneously with a greater demand for sundry electrical equipment on the part of the building trade and other expanding industries.

There was also improvement in most other metal manufacturing industries.

The growth of activity in all these industries caused the number of workers employed in them to rise by about 7,000 between the end of 1954 and the end of 1955. Skilled labour has become difficult to find.

Total exports of metal manufactures in the first three quarters showed a 20 % rise in value. The Netherlands took 23 % of the total. Their purchases related to all kinds of goods, especially radio sets, automobiles and Diesel motors. Sales to Western Germany, at 6 % of the total, were more than doubled. Exports to France, Portugal and the Scandinavian countries also increased; those to the United Kingdom remained relatively small.

The share of the Belgian Congo in total exports declined to around 13 %.

In Asia the largest customers are still Iraq, Iran and India.

The chief markets in South America were Venezuela and Brazil.

Chemicals

The chemical industries are among those which shared very early and to a high degree in the economic recovery. Their output exceeded that of 1954, which was already greater than in 1953.

In particular the branches producing nitrogen and nitrogenous fertilisers increased their activity owing to the growing strength of demand from abroad, and in spite of a strike which lasted for several weeks in the autumn. They had suffered a good deal from foreign competition in 1953.

The branches turning out finished products maintained, and in some cases raised, the high level at which their output has been

running for at least two years. The prices of photo-sensitive products were lowered. Those for other chemical products showed varying movements, raw material prices having in particular risen.

Exports of all chemical industries reached a total of Fr. 8,713 million for the first ten months of the year, or Fr. 433 million more than during the corresponding period of 1954. Reckoned on the basis of these figures the average price per ton fell from Fr. 3,424 to Fr. 3,333, the fall being partly due to changes in the composition of these exports. The chief customers continued to be the Netherlands, Germany, France and the United States. The Congo increased its imports, while those of Hongkong showed a clear decrease.

The effect of the large amounts of capital invested by neighbouring countries in their chemical industries has been to intensify international competition. Besides this, Belgian exports have frequently been hindered by Customs measures, whereas imports of competing products into Belgium were still growing in 1955.

Textile Industry

Output recovered in the textile industry sooner than in other industries, namely in 1953; the recovery became slower in 1955. There was still some improvement, but in certain lines only, and it related solely to the quantities produced. Sale prices were lowered in varying degree at the stages of the raw material, of yarns and of fabrics. They became stabilised at the stages nearest to consumption, namely in the ready-made clothing and knitwear sections. Foreign competition was felt all the more because in a number of countries the textile industry has the

Output of Wool Washers and Combers
(in tons)

Source : Belgian Textile Industry Federation.

Monthly Average for	Washers	Combers
1948	2,282	1,700
1951	1,296	1,326
1953	1,670	1,618
1954	1,466	1,389
1955 (first 11 months)	1,578	1,523
1955 1st quarter	1,638	1,577
2nd »	1,670	1,564
3rd »	1,428	1,401
October	1,546	1,535
November	1,383	1,590

benefit of supporting measures. This is the chief reason why the Government drew up in December a programme of assistance to be applied as from 1956. Some of the measures for which provision has been made apply to the textile industry as a whole; others apply more particularly to the linen, rayon and wool combing sections.

The position in the woollen industry was better than during 1954 as regards output; this increased on the whole during the first half of the year, but slightly declined in the second.

The amount of goods handled by the washers and combers was greater than in 1954.

The carded wool spinners were working at a higher rate than during the preceding years. Their activity was maintained by the exports of woollen carpets, especially to the United States.

Output of Wool Spinners and Weavers

Source : National Statistical Institute.

Index of Industrial Activity (Basis 1953 = 100)	Spinners		Weavers
	Carded Wool	Combed Wool	
1946	102	84	80
1951	100	79	103
1953	100	100	100
1954	107	99	104
1955 (first 10 mos) *(p)*	113	104	116
1955 1st quarter	111	106	115
2nd »	116	100	118
3rd » *(p)*	107	99	110
October *(p)*	129	126	130

(p) Provisional figures.

The combed wool spinners benefited from the good position in the knitwear industry, and from a very keen demand on the part of weavers.

It was at the weaving stage that the growth of output was most marked. Demand however did not conform to this movement. It contracted both in Belgium and abroad; the fall in prices led wholesalers and users of fabrics to postpone their buying, and the weavers were obliged to increase their stocks, although not to any excessive extent.

Prices remain a weak point in the woollen industry. The price falls were however smaller for fabrics than for yarns, since the changes

in raw material prices were not passed on to the same extent by the various producers.

In the cotton industry, where there had been quite definite recovery in 1954, output declined.

The position of this industry became difficult in most of the producing countries in Europe owing to the development of cotton manufacturing plants in the new countries. International competition became keener. It is regrettable that the various steps taken in foreign countries to protect national markets and to assist textile exports are creating a climate of uncertainty, and are causing the Belgian industry's markets to contract both at home and abroad.

Cotton Production

Source : National Statistical Institute.

Index of Industrial Activity (Basis 1953 = 100)	Spinners	Weavers (1)
1948	91	94
1951	120	119
1953	100	100
1954	111	116
1955 (first 10 mos) *(p)*	106	109
1955 1st quarter	117	116
2nd »	104	108
3rd » . *(p)*	95	99
October ...... *(p)*	108	121

(1) 1948 : cotton and staple fibre. 1951 and 1952 : pure cotton and cotton mixed with rayon fibre.

(p) Provisional figures.

Exports of the cotton weavers declined 4 % in value during the first ten months, those to the Scandinavian countries and the Netherlands being the worst affected. Imports of foreign fabrics on the other hand exceeded their 1954 total by 16 %.

International competition also increased for yarns, the output of which suffered both from the situation of Belgian weavers and from the decline in foreign demand, chiefly in the Netherlands.

Sale prices for finished and semi-finished products of the cotton industry were not very firm. But they tended less clearly downwards than those of wool products, since raw cotton still has the benefit of governmental support in the United States and other countries.

In the jute industry, which chiefly works for export, the spinners strengthened their position by exporting yarns and canvases for carpets.

Activity among weavers was hampered by the growth of competition from India and Pakistan, as well as by certain price concessions made by French and German producers on foreign markets, partly as a result of official measures.

The flax spinners were working at a higher rate than in the previous year, especially during the first six months. Part of their output had to be put into stock.

Linen Production

Source : National Statistical Institute.

Index of Industrial Activity (Basis 1953 = 100)	Yarns (of flax and hemp)	Fabrics
1948	—	67
1951	—	110
1953	100	100
1954	100	102
1955 (first 10 mos) *(p)*	101	93
1955 1st quarter	116	110
2nd »	103	93
3rd » . *(p)*	84	76
October ...... *(p)*	106	97

(p) Provisional figures.

The output of the weavers was very large in the first quarter owing to American orders, but afterwards declined.

The 1954-1955 flax harvest was plentiful and of good quality; the fibre dressers fear that the prices for scutched flax will continue to fall away.

The rayon and staple fibre industry suffered from an increase in foreign competition on the domestic market. Exports rose, especially to the United States, but this did not offset the decline in deliveries to the market in Belgium.

Knitwear and Ready-Made Clothing

Source : National Statistical Institute.

Index of Industrial Activity (Basis 1953 = 100)	Knitwear	Ready-Made Clothing
1953	100	100
1954	105	100
1955 (first 10 mos) *(p)*	114	100
1955 1st quarter	102	99
2nd »	106	106
3rd » . *(p)*	124	93
October ...... *(p)*	149	108

(p) Provisional figures.

In November a new synthetic fibre factory started activity at Zwijnaarde.

The position in the knitwear industry was favourable. Domestic demand increased; and export sales, although small in relation to total deliveries, were up by 22.6 % on the first ten months

mainly as a result of larger shipments to the Netherlands. As stocks became slightly larger, it would seem that the expansion in output exceeded that in sales.

In the case of garments and ready-made clothing the quantities produced were about the same as in 1954. Selling prices remained basically unchanged in spite of the fall in prices of yarns and fabrics.

Building and Allied Trades

Just as in the previous year, there was great activity in building. According to the figures for building permits the construction of dwelling-houses slightly declined. But the number of industrial and commercial buildings started was greater, and the two movements offset each other. The factors which account for this twofold tendency include the law of 31st May, 1955 providing Government aid for industrial building through the grant of subsidies and of loans at 1 %, and a decree of 25th September, 1954 limiting the facilities for obtaining De Taeye premiums. The average monthly number of premiums accorded for the first three quarters of 1955 was down by a third in relation to that in 1954.

Production of Building Materials

Source : National Statistical Institute.

Monthly Average for	Ordinary Bricks (millions)	Cement (thousands of tons)	Sheet and Plate Glass (Index : 1948 = 100)
1948	215	278	100
1951	195	366	114.7
1953	172	386	105.8
1954	174	365	114.0
1955 (first 10 mos) *(p)*	190	392	138.9
1955 1st quarter	101	236	136.5
2nd »	201	446	131.5
3rd »	250	466	140.4
October ...... *(p)*	245	466	163.3
November		*p* 403	

(p) Provisional figures.

Employment steadily grew, giving rise to certain strains on the market for labour in this industry; if allowance is made for seasonal variations it rose above its 1954 level.

The activity of builders had favourable effects on that of the industries producing building materials.

The productive capacity of the brick and tile works was fully engaged. At the close of the year the rise in prices reflected a certain strain on supplies.

The domestic and export deliveries of the cement works definitely exceeded those of the previous year, and were equal to those in 1953. More than two-thirds of the exports went to the Netherlands, to the United States which bought more, and to the Belgian Congo which bought less.

The production of the glassworks also vigorously expanded. The 1955 exports of sheet and plate glass will probably be greater than those in 1937, the best pre-war year. The financial results published by some companies indicate that the position in this industry has already been improving for some years.

Output of the quarries was maintained during the first eight months of 1955 at a level roughly equal to that in the corresponding period of the previous year. Building on public account provides the best market for stone, while the by-products are used for coastal work in the Netherlands and Belgium.

The clayworking industries on the whole took a smaller share in the recovery. Their overall level of output was below that of the previous year. Only the production of earthenware wall-tiles increased.

Foodstuffs and Beverages

Activity in the food and beverage industries as a whole was greater than in 1954. It benefited from a sustained domestic demand and from a recovery in exports. These latter are hampered by numerous protectionist measures, and form only a secondary outlet for most industries in this group.

On the basis of the monthly average for the first three quarters of the year the output of the industrial flour-mills slightly increased.

At the beginning of the year competition was keen in this line. The 1955 harvest was plentiful and of good quality; and the proportion of Belgian wheat included in flour was progressively raised from 50 % to 65 %.

Food Industries

Sources : Social and Economic Research Institute of Louvain University, National Employment and Unemployment Office, and National Statistical Institute.

Monthly Average for	Production (index on basis 1953 = 100)	Total Unemployment (thousands) (1)	Sales at Department Stores (index on basis 1953 = 100)	Exports (in millions of francs)
1948	71.9	3.6	—	44.3
1951	84.2	12.6	93	311
1953	100.0	13.1	100	226
1954	102.6	11.8	113	158
1955 (first 10 months)	105.3	8.7	115(2)	172(2)

(1) Including the tobacco industries.
(2) 11 months.

For the first eight months of the year deliveries to the dairies amounted to 818 million litres, against 805 million in the corresponding period of the previous year. The distribution of sterilised dairy milk in bottles is growing, while that of milk in bulk is falling. There were two quite appreciable rises in the price of butter, one at the end of the winter and the other, a seasonal rise, in September. The Government resorted to the usual practice of importing in order to regulate the market.

The production of the oil-works was generally maintained, for the various products, at the level reached in 1954. The output of refined oils other than linseed oil increased. Sales of margarine have been rising for some years. For the first ten months of 1955 they showed a further rise of about 4 % by comparison with the corresponding period in the previous year.

The output of the sugar works for the 1955-1956 year will probably exceed that of 325,000 tons in the previous year, since the sugar content of the beet is higher.

At the June, 1955 meeting of the International Sugar Council it was arranged to redistribute the export quota of Brazil, which is retiring from the group. The result was that Belgium's share was increased by 20 % as compared with 1954.

Activity in the breweries was good during the first three quarters of 1955. Demand was stimulated by the good weather in the summer. The amount of raw materials processed exceeded that for the previous year. The movement to concentrate means of production continued; the number of breweries in operation declined from 535 in November, 1954 to 521 a year later, this being less than half the number in 1938.

Output of the distilleries also increased. For the first eleven months of the year it amounted to 226,000 hectolitres of alcohol at 50°, as against 207,000 for the corresponding period in 1954.

Sundry Industries

According to the statistics of officially recorded dealings the diamond trade had its best post-war year in 1955. In order to compare the position in recent years account must be taken of the fact that illicit dealings had affected the figures to an unknown extent, while there were considerable differences between the official rates for the dollar and sterling and the rates on the free exchange markets.

Exports to the United States, which traditionally take half the total, increased by 29 % in value between the first eleven months of 1954 and the corresponding period in 1955. The price for cut diamonds of the type known as « Antwerp » was satisfactory.

The cutting industry benefited from the good conditions in the trade, although its activity was kept down by the strikes in February and October. Employment increased, the monthly average number of man-hours worked in the first nine months of 1955 having risen by 5 % as compared with the 1954 monthly average. There is never-

theless a problem in this connection. The output of Antwerp depends in practice on supplies from the Diamond Trading Corporation, so that the workers can be fully employed only if those supplies are sufficient. When the five-year delivery contract between the Corporation and the International Forestry and Mining Company was renewed in June, the parties gave this problem their attention.

Among the enterprises producing hollow glassware the bottle-works benefited from the growth in consumption of sterilised milk in bottles as well as from the great activity of the breweries, which led them to build up their empty bottle stocks. The seasonal rise in activity during the spring was increased through large orders from the Belgian Congo. The position of other makers of hollow glassware was not so good, since international competition remained keen.

The paper and cardboard industry, although using less labour, has practically regained the level of activity which prevailed before its 1952 crisis. The output of wrapping paper and cardboard has in particular increased. The paper industry as a whole is benefiting from a fundamental enlargement of the consumption of paper, which is opening up excellent prospects. Exports, half of which go to the Netherlands, showed satisfactory growth.

In the leather industry the sole-leather tanners, who had been through some difficult years, restored their position to some extent. There was a recovery in exports. In general the tanners suffered less from the competition of Dutch producers, who had raised their prices.

Footwear producers succeeded in entering some new foreign markets. In connection with the reorganisation of this industry the Belgian Office for Increasing Productivity continued its experiments at certain works.

For a number of years the tobacco industry has been adjusting itself to a change in demand in the shape of increased consumption of

cheroots. The production of these has increased, unlike that of smoking tobacco. The demand for cigars showed a moderate rise by comparison with 1954; as the increase in output was smaller, more were imported.

Wheat sowings showed a further increase in 1955, thus continuing the movement which has been proceeding for some years. **Farming**

Areas under Various Crops

(in thousands of hectares)

Source : National Statistical Institute.

Crops (1)	15th May, 1954		15th May, 1955	
Bread Grains	273.8		271.6	
of which : *Wheat*		184.1		191.2
Rye		82.1		73.5
Coarse Grains	232.8		233.9	
of which : *Oats*		152.3		148.9
Industrial Plants	94.6		97.5	
of which : *Sugar Beet*		56.8		57.4
Flax		32.0		35.4
Chicory		2.8		2.4
Tobacco		1.7		1.2
Potatoes	93.1		84.0	
Meadows	815.0		815.0	
Herbaceous Fodders	65.9		63.5	
Other Crops	166.6		163.9	
Total Area Cultivated	1,741.8		1,729.4	

(1) For establishments comprising more than one are (about 4 poles).

On the other hand the areas devoted to other bread grains were reduced, while those for coarse grains showed little change. The output of both market gardens and industrial crops expanded, chiefly in the case of flax and beet. The area used for orchards and for tobacco showed an opposite movement owing to difficulties over the sale of these products.

According to current estimates the prospects for the chief crops are good. The wheat harvest will substantially exceed that of 1954.

The sugar content of the beet will be slightly greater. The hops produced this year are of excellent quality; their power to convey a bitter flavour is definitely greater than for the previous year.

Apart from this the census indicates a further increase in the numbers of livestock, especially of milch cows and pigs, which are up by 1.8 % and 8.3 % respectively. A similar movement in pigs is expected at the next census. A large number of small farms are becoming increasingly dependent on stockraising in order to make ends meet. That fact tended to depress the meat market this year, especially the market for pork.

Farm Livestock

(thousands of head)

Source : National Statistical Institute.

Category (1)	15th May, 1954	15th May, 1955
Farm Horses	207.7	194.5
Horned Cattle	2,372.5	2,392.9
of which : *Milch and Draught Cows*	971.0	985.0
Pigs	1,310.2	1,419.2

(1) For establishments comprising more than one are (about 4 poles).

The number of horses in use on the farms was further reduced as a result of the progress in mechanisation, which is actively continuing. This movement is increasing the amount of capital used on farms.

The use of tractors has greatly increased. The number of mechanical milkers, which is now greater than that of the milkers in use in the Netherlands, has almost doubled in five years as a result of the continuous rise in the cost of skilled labour. The use of beet-harvesting machines has shown satisfactory growth, partly owing to technical improvements.

Wholesale meat prices have shown varying movements according to the species of animal. According to the Ministry of Agriculture's indices beef prices rose slightly, while for the first eleven months of 1955 pork prices declined by about 18 % as compared with average prices in 1954. This decline did not greatly affect the retail price of pork, which fell only 4 %.

The overall price index for cultivated products dropped by about 10 % during the same period. This drop is due in particular to the fall in potato prices, which in turn was caused by the very large crop of 1954. Quotations for coarse grains and fodder crops have also declined under the influence of world market prices. Wheat and sugar beet prices have escaped this tendency, those for wheat being affected by the policy of compulsory inclusion of Belgian wheat in the grain milled, while those for sugar beet are protected by import duties.

Farm Equipment

Source : National Statistical Institute.

Type of Equipment	15th May, 1954	15th May, 1955
Ordinary Tractors	18,928	22,925
Other Tractors (1)	6,229	6,503
Beet Harvesting Machines	2,193	2,527
Sprayers	3,831	4,260
Milkers	17,164	19,376

(1) Tractors used for threshing, and jeeps.

A law setting up an Agricultural Fund was voted in July, 1955. The object of this new institution is to ensure the profitability of farms, to adjust their output to the country's food requirements, and to conduct a farming policy which shall take due account of Belgium's international commitments, especially as regards the Economic Union with the Netherlands. In the same way as is done by the funds existing in this latter country the Agricultural Fund will assist certain lines of production which it is desired to maintain or develop, such as the production of milk and of tobacco. The saturated markets, such as that for meat, will be regulated by the building up of stocks or by the sale of products abroad.

Transport

All forms of transport benefited from the growth of business.

The traffic in bulk goods on the railways was much greater in 1955 than in 1954. The increase in the case of international traffic, where it was very great, was due in particular to the conveyance of

fuels, ores and products of metalworking. It was assisted by the decision which was taken on 21st March, 1955 by the Council of Ministers of the European Coal and Steel Community to end the system under which freights on international traffic were calculated as though there was a breaking of bulk. The volume of traffic within Belgium was a little greater than in 1954; it consisted in particular of the conveyance of raw materials and steelworking products.

Bulk Goods carried by Rail

Source : Belgian National Railways Co.

Monthly Average for	Thousands of tons carried	Millions of ton-kilometres
1948	5,322	513
1951	6,008	552
1954	5,104	470
1955 (first 11 months)	5,696	540

Notwithstanding its financial difficulties the Belgian National Railways Company continued its programme for the modernisation of its track and rolling stock. Several new electric lines were put into service, while others will be in the course of 1956.

On 20th October, 1955 the Transport Ministers of fourteen European countries signed an agreement establishing Eurofina, a European company for the financing of railway material, which through the issue of loans in the member countries will facilitate the purchase of rolling stock of uniform type.

Inland waterways traffic was quite as active as that of the railways; for the first eight months of the year it was greater than that in the corresponding periods of the three preceding years. Just as in 1954 it was in particular the international traffic that expanded.

Traffic on Inland Waterways

Source : National Statistical Institute.

Monthly Average for	Thousands of tons carried
1948	2,175
1951	3,471
1953	3,912
1954	4,258
1955 (first 8 months)	4,664

The movement of shipping at the port of Antwerp was definitely greater than that in the two previous years. The recovery in the traffic since the end of 1954 became more marked in the course of

the summer in spite of a dockers' strike which lasted for a fortnight in July. As to the breakdown by nationalities of the tonnage entering the port, the position of Western Germany improves each year. In 1955 Western Germany took third place until the last few months, when it gained the second place from the Netherlands. The amount of tonnage entering under the Belgian flag increased slightly, while that under the American flag showed an appreciable fall.

The movement of shipping will be much assisted in future by the putting into service of the Baudouin lock in October. Other improvements have been made in the port installations, such as the excavating of a wet dock. A plan for building a fourth dry dock has also been drawn up.

International Sea-borne Traffic at the Port of Antwerp

(in thousands of metric tons)

Source : National Statistical Institute.

Monthly Average for	Incoming Goods	Outgoing Goods
1948	1,149	597
1951	1,261	1,169
1953	1,201	1,147
1954	1,276	1,091
1955 (first 10 months)	1,403	1,199

The sea-borne tonnage entering the port of Ghent also increased, to a level within a few points per cent of that in 1938. In the combined harbours of Bruges and Zeebrugge recovery in the volume of traffic has been proceeding since the spring; it brought the year's total movement of shipping up to above the 1954 and 1953 levels.

Air transport is used more and more each year. For the first nine months the amount of goods traffic handled by the Belgian Air Navigation Company (SABENA) reached 72.9 million ton-kilometres in 1955 against 62.6 million in 1954. As between the same two periods the number of passengers carried rose by about 20 %, reaching 361,161. During 1955 SABENA placed some large orders with a view to the renewal and continued modernisation of its fleet.

The new Road Fund 1955-1969, which has substantial financial resources, has planned the establishment of certain fast-traffic trunk

roads which will establish easier communication with neighbouring countries. Tenders were invited for the first sections of the work after the subscription in October of a loan of Fr. 2,500 million specially earmarked for this Fund.

Labour Market

The course of the labour market makes it possible to assess the extent of economic progress.

Daily Average of Registered Unemployed

(in thousands)

Source : National Employment and Unemployment Office.

Daily Average for	Total			Wholly Unemployed			Partly Unemployed		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
1950	168	56	224	128	42	170	40	14	54
1951	132	75	207	101	52	153	31	22	53
1953	158	88	246	117	67	184	41	21	62
1954	148	77	225	108	59	167	40	18	58
1955	114	58	172	75	41	116	39	17	56
1954 1st quarter	224	91	315	150	71	221	74	20	94
2nd »	139	80	219	108	62	170	31	18	49
3rd »	111	68	179	87	53	140	25	14	39
4th »	113	68	181	85	51	136	28	17	45
1955 1st quarter	208	70	278	117	51	168	91	19	110
2nd »	93	60	153	71	42	113	22	18	40
3rd »	67	49	116	50	35	85	17	14	31
4th »	87	52	139	62	36	98	25	16	41

Unemployment, which was already declining in 1954, showed a further large decrease, the daily average total of registered unemployed falling from 225,000 to 172,000.

Almost all the decrease related to the wholly unemployed, the number of whom has declined since October to below the 1948 level.

Partial unemployment remained substantially equal to what it was in 1954.

The chief factor in reducing unemployment was the expansive trend of economic activity. The reduction, although general in character, was proportionately greater in those branches of activity where

recovery has been especially great, such as metalworking, building and transport.

There is however a further factor which has influenced the movement in the same direction, namely development of the policy under which local authorities set the unemployed to work with financial assistance from the Government. The average daily number of out-of-work persons employed by the provinces, municipalities and public institutions grew steadily during the first eight months of the year. After reaching 29,500 in August it then declined, since the increase in the amount of employment offered on the labour market helped towards reintegrating the unemployed into the normal economic circuit. The overall average for the year was 22,700, or 8,600 more than in 1954. The Government has decided that this average must not exceed 10,000 in 1956. This decision was taken in view of the desire that there may be some lessening in the strains which have appeared on the labour market, chiefly in the form of shortage of skilled workers. While these strains were noticed quite early in metalworking and the building trade, they spread to other branches of activity in the second half of the year. They do not however seem to have been very acute.

There was only one important amendment during the year in the legislation regulating the grant of unemployment benefit. A Royal Decree, which came into force as from last November, requires all unemployed women to attend regular courses of general or special training which have been arranged for their benefit.

The total amount of unemployed benefit paid in 1955 was Fr. 3,900 million, as against Fr. 5,100 million in 1954. The contribution of the Government towards the financing of this amount was smaller.

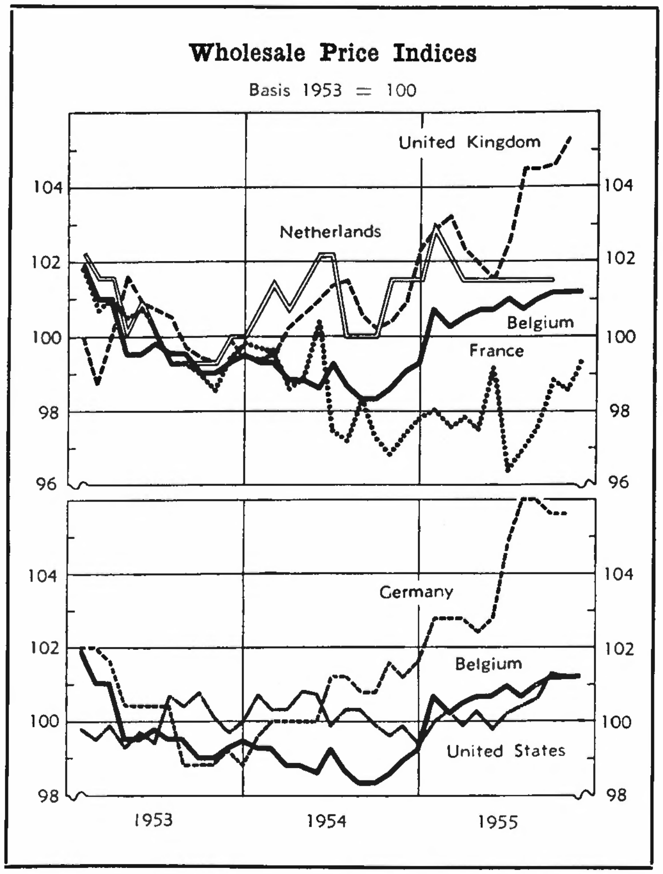
The available data regarding employment show a rise in the number of employed wage-earners. The increase in the man-power

engaged has been especially great in metalworking and building, thus confirming the trend of unemployment.

The reduction in unemployment and the increase in employment were obtained in spite of the savings of man-power achieved through the rationalisation of equipment and of working methods.

Prices

The expansion of demand had less effect on the overall level of prices than on that of production. It could hardly be said to be attended by speculative excesses.



The overall index of wholesale prices rose by 2 % between December, 1954 and November, 1955. It remained well below the 1951 and 1952 levels.

Many commodities however became dearer, in some cases by substantial margins. But the tendencies were not uniform, and the rises were partly offset by falls.

Upward movements predominated among industrial prices. During the first months of the year they became more marked and

spread more rapidly to fresh categories. Thereafter raw material prices became if anything weaker, while those of semi-finished and finished goods continued to harden.

The movements varied in extent according to the commodities, the largest taking place in ferrous and non-ferrous metals, in fuels and in various chemical products.

Wholesale Price Indices (1)

(1953 = 100)

Source : Ministry for Economic Affairs.

Monthly Average for	Overall Index	Industrial Products	Agricultural Products
1948	93.7	91.2	105.0
1951	113.5	115.9	105.1
1953	100.0	100.0	100.0
1954	98.8	99.2	97.8
1955 (first 11 mos).	100.8	102.8	93.9
1955 1st quarter ...	100.5	102.3	94.0
2nd » ...	100.8	102.9	93.2
3rd » ...	101.0	103.0	93.6
October	101.2	102.7	96.2
November ...	101.2	103.2	94.4

(1) Original indices on basis 1936-1938 = 100 converted to basis 1953 = 100.

In steelworking and the coal industry however prices were subject to the regulating action of the European Coal and Steel Community.

Non-ferrous metals were in general firm; but owing to special circumstances prices of copper rose much more than those of tin, lead and zinc.

The rises in metal quotations were embodied in varying degrees in the selling prices of many capital or consumer goods produced by the metal manufacturing industries.

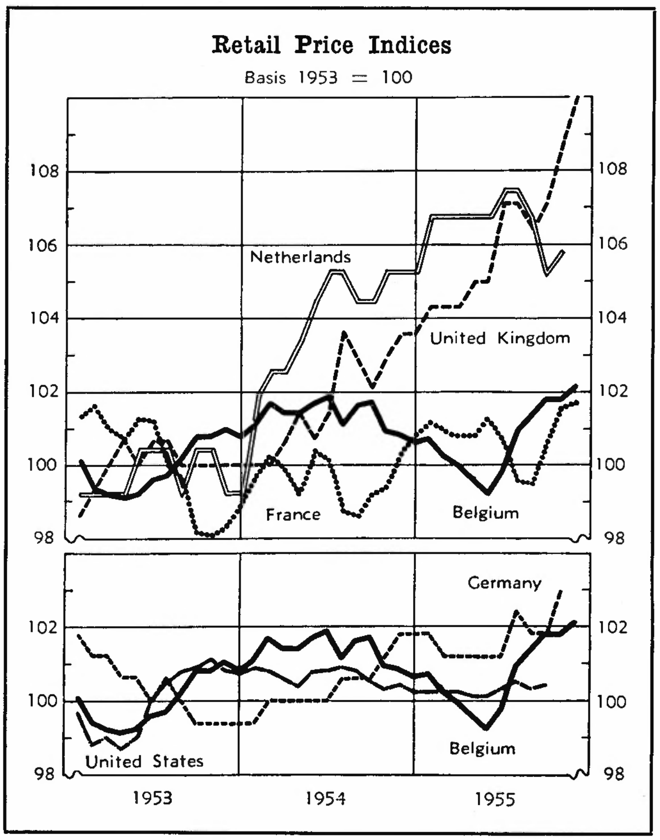
Movements continued to be somewhat varied in the chemical industry. Fertiliser prices on the whole showed evidence of firmness. Those of fatty substances and metal derivatives, which had been already rising in the previous year, showed further upward movements.

The general economic trend affected in the same direction the prices of paper and of sundry building materials including glass, cement, timber and bricks.

In the textile industry downward tendencies prevailed from the raw material stage to fabrics. The woollen industry was the most affected. Selling prices in the knitwear and garment trades however remained stable.

Apart from seasonal movements wholesale farm prices varied little.

Prices for beef rose slightly, while those for pork fell owing to the large quantity produced. Quotations for coffee and cocoa were appreciably reduced, although the latter became somewhat firmer during recent months.



Retail prices confirmed their previous tendency and showed evidence of stability.

The movement in prices of foodstuffs was parallel to that in wholesale prices : that is to say, there was a slight rise in prices for beef, and an appreciable fall in those for coffee, cocoa and chocolate. The effect on retail prices of the fall in the wholesale price for pork, however, remained very small except in the case of bacon.

Movements in the prices of items other than foodstuffs are not highly sensitive to variations in wholesale prices; they were on the whole negligible, and this applied inter alia to articles of clothing, prices of which remained stable.

Retail Price Indices

(1953 = 100)

Source : Ministry for Economic Affairs.

Monthly Average for	Overall Index	Foodstuffs	Items other than Foodstuffs	Services
1948 (1)	94.8	97.2	92.0	—
1951 (1)	94.4	95.7	104.7	—
1953	100.0	100.0	100.0	100.0
1954	101.3	102.7	99.2	100.0
1955	100.8	101.6	99.2	101.0
1955 1st quarter ...	100.3	101.4	98.4	100.2
2nd » ...	99.5	99.6	98.9	100.5
3rd » ...	101.4	102.2	99.6	101.1
4th » ...	102.0	103.0	99.9	102.2

(1) Former indices on basis 1936-1938 = 100 converted to basis 1953 = 100.

There was a change during June in respect of the overall retail price index of the Ministry for Economic Affairs. A new basis period was adopted, namely 1953 in place of 1936-38. Certain items have been dropped, while others have been added. The new index comprises 35 foodstuffs as against 34 previously, 25 items other than foodstuffs as against 22, and 5 services; the former index did not include services.

Wages

Wage increases continued on the whole to be moderate.

According to the available information there was a greater increase in the wages of certain classes of clerical workers who had benefited less from adjustments in earlier periods of prosperity.

During the second half of the year there were some demands of a general character in regard to working conditions; a reduction of weekly working hours and the grant to unskilled male workers of a minimum wage of Fr. 20 per hour were sought.

The reduction in hours of labour has already come into force in a number of enterprises. A central board of employers and workers

was set up in July to examine the problem in cases where the similar boards for particular trades or industries could not reach agreement. Apart from this a protocol which was signed on 28th October provides for introducing a system of reduced working hours in certain branches of activity after a special investigation procedure has been applied : this includes taking the opinion of independent experts and resorting to the central board.

External Trade

Trade greatly expanded in 1955 in the case of both imports and exports. But, contrary to what took place in the previous year,

Special Trade of the Belgian-Luxemburg Economic Union

(in millions of francs)

Source : National Statistical Institute.

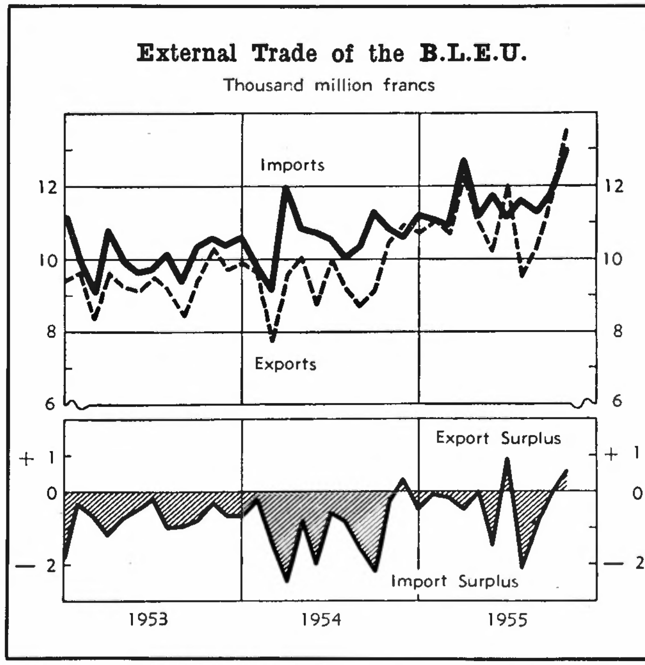
Monthly Average for	Imports c.i.f.	Exports f.o.b.	Balance of Trade	Exports in per cent of Imports
1948	7,293	6,177	— 1,116	85
1951	10,626	11,056	+ 430	104
1953	10,094	9,414	— 680	93
1954	10,624	9,598	— 1,026	90
1955 1st quarter	11,556	11,302	— 254	98
2nd »	11,361	11,120	— 241	98
3rd »	11,571	10,587	— 984	91
October	13,054	13,539	+ 485	104
November (p)	12,317	11,812	— 505	96
December (p)		14,421		

(p) Provisional figures.

exports increased by a greater margin, so that the proportion of imports covered by exports went up from 90 % to 97 % for the first eleven months.

The total value of exports for the whole year rose from Fr. 115,200 million in 1954 to Fr. 139,900 million in 1955. The increase amounts to 21 %, being due both to expansion of the quantities sold and to the rise in prices.

Imports for the first eleven months showed a further rise of 11 %, basically due to an increase in the quantities delivered, since the prices remained stable. The total value of imports for this period went up from Fr. 116,000 million in 1954 to Fr. 129,000 million in 1955.



Since the growth in exports and the rise in their prices were more rapid, the result was an improvement in the terms of trade and a reduction of the overall trade deficit. This latter had reached only Fr. 4,400 million by November as compared with Fr. 11,700 million a year earlier.

Indices of Volume of Trade, of Unit Prices, and of Terms of Trade

(1953 = 100)

Source : National Statistical Institute.

Monthly Average for	Imports		Exports		Index of Terms of Trade
	Volume Index (1)	Price Index	Volume Index (1)	Price Index	
1948	86	84	69	95	112
1951	97	109	97	120	111
1953	100	100	100	100	100
1954	110	96	109	94	98
1955 1st quarter	117	96	121	95	99
2nd »	111	96	113	97	101
3rd »	114	97	106	98	102
October	128	98	136	99	101

(1) Quantity indices weighted by prices of the basis year.

There was a change in the composition of imports. The rise of activity in the heavy industries was reflected in an appreciable

increase in the weight of imports of ores, raw metals, fuels and chemical products. Industry and the farmers increased their purchases of machinery and other capital goods. The growth in domestic consumption led to greater buying of vehicles and textile products.

Imports into the Belgian-Luxemburg Economic Union broken down as between the Main Categories of the Standard Classification for International Trade

(monthly averages, in millions of francs)

Source : National Statistical Institute.

Category	1954		1955 (first 10 months)	
Raw Materials and Fuels (Categories 2 and 3)		3,506		3,851
of which : wool	562		548	
cotton	375		329	
iron ore	267		311	
non-ferrous metal ores	248		308	
solid fuels	439		467	
crude mineral oils	353		409	
Chemicals (Category 5)		556		625
Foodstuffs (Categories 0 and 1)		1,885		1,728
Manufactured Goods (Categories 6 and 8)		2,745		3,294
Machinery and Transport Material (Category 7)		1,712		1,888
Sundries (Categories 4 and 9)		220		269
Total ...		10,624		11,655

Export increases occurred chiefly in products of the steel industry, metal manufactures, non-ferrous metals and glassware.

Sales of metallurgical products during the first ten months accounted for 48.8 % of the total exports as compared with 46.4 % in 1954. They chiefly increased in the case of sales to the European Payments Union, especially to Germany and the Netherlands, which engaged in capital expenditure on a greater scale.

Makers of glassware sold more to the United States as a result of the expanded activity there in building and the automobile industry.

The textile industries exported more in terms of quantity. But they encountered very keen competition, which they were able to meet only through further price reductions.

There were also some changes in the distribution of trade by monetary areas. In relation to member countries of the European Payments Union the trade deficit was replaced by a surplus.

Classification of Exports from the Belgian-Luxemburg Economic Union

Source : National Statistical Institute.

Category	Monthly Average (in millions of francs)		Per cent of Total Exports	
	1954	1955 (first 10 months)	1954	1955 (first 10 months)
Steel Products	1,802	2,393	18.8	21.3
Metal Manufactures	1,729	2,087	18.0	18.5
Non-Ferrous Metals	902	1,011	9.4	9.0
Textiles and Clothing	1,881	1,900	19.6	16.9
Chemical Products	826	871	8.6	7.7
Solid Fuels	408	525	4.2	4.7
Diamonds	354	465	3.7	4.1
Foodstuffs	207	248	2.1	2.2
Mineral Oils	245	297	2.5	2.6
Agricultural Products	229	223	2.4	2.0
Glassware	210	270	2.2	2.4
Paper and Books	131	149	1.4	1.3
Hides and Leather	97	101	1.0	0.9
Cement	87	92	0.9	0.8
Products of Quarrying	56	64	0.6	0.6
Rubber	57	70	0.6	0.6
Timber and Furniture	47	72	0.5	0.6
Ceramics	25	28	0.3	0.2
Tobacco	8	11	0.1	0.1
Sundries	297	380	3.1	3.5
Grand Total	9,598	11,257	100.0	100.0

Trade with the dollar area resulted in a deficit slightly smaller than that for the previous year. Up till September imports had risen more rapidly than exports partly owing to greater purchases of grain, oils, wood pulp and fuels, coupled with the rise in transatlantic freights. Thereafter exports grew more rapidly, in particular those of textiles and products of metalworking.

The trade balance with the Belgian Congo and Ruanda-Urundi deteriorated. The rise in prices of the various non-ferrous metals and raw materials which form the bulk of shipments from the Congo raised the total value of imports from there to a high level. Exports were maintained at about their 1954 level, although sales of rolling stock were appreciably smaller.

Belgium's trade with countries other than those in the European Payments Union, the dollar area and the Congo is in most cases governed by bilateral payment agreements, and resulted in a surplus. Imports contracted owing to the fall in purchases from Argentina and the drop in coffee prices. Exports to South America, Poland and Yugoslavia increased.

Geographic Distribution of the Special Trade of the Belgian-Luxemburg Economic Union

Source : National Statistical Institute.

	Imports c.i.f.		Exports f.o.b.		Balance of Trade	
	1954	1955 (first 10 months)	1954	1955 (first 10 months)	1954	1955 (first 10 months)
A. **Values** : *(monthly averages in millions of francs)*						
E.P.U. Area (1)	7,129	7,878	6,899	8,194	— 230	+ 316
United States and Canada	1,635	1,792	1,136	1,320	— 499	— 472
Belgian Congo and Ruanda-Urundi	823	992	524	545	— 299	— 447
Other Countries	1,037	990	1,039	1,198	+ 2	+ 208
Total	10,624	11,652	9,598	11,257	—1,026	— 395
B. **Percentage Ratios to Total Values** :						
E.P.U. Area	67.1	67.6	71.9	72.8		
United States and Canada	15.4	15.4	11.8	11.7		
Belgian Congo and Ruanda-Urundi	7.7	8.5	5.5	4.8		
Other Countries	9.8	8.5	10.8	10.7		
	100.0	100.0	100.0	100.0		

(1) Member countries, overseas territories and non-member sterling countries.

The External Trade Fund, set up in September, 1954, has been active. Amongst other things it supported the work of missions for investigating overseas markets, and sought to encourage the grouping of enterprises of small and medium size with a view to enlarging their exports.

ANALYSIS OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR 1955

ASSETS

Gold Holding

The gold holding is valued on the basis of the gold selling price, namely Fr. 56,263.7994 per kilogramme of fine gold.

It amounted on 31st December, 1955 to	Fr.	46,384,879,865.75
It consisted of :		
Gold in foreign countries	Fr.	46,215,877,925.—
Gold in Belgium	Fr.	169,001,940.75
	Fr.	46,384,879,865.75

On 31st December of the previous year the gold holding amounted to Fr. 38,910,933,799.29.

Foreign Assets

Part of the foreign assets represents the countervalue of convertible foreign currencies deposited with the Bank's correspondents in foreign countries, and of foreign notes in the physical possession of the Bank. A further part consists of bills in Belgian francs on foreign countries.

The total was made up as follows :

		On 31st December, 1955	On 31st December, 1954
a) Assets in foreign currencies . .	Fr.	249,098,620.85	3,335,274,147.70
b) Assets in Belgian francs . . .	Fr.	9,477,495.50	3,261,694.25
	Fr.	258,576,116.35	3,338,535,841.95

Claims on Foreign Countries under Payment Agreements

On 31st December, 1954 the claims on foreign countries under Payment Agreements appeared as follows on the assets side of the Balance Sheet :

a) E.P.U.	Fr.	8,596,250,000.—
b) Member Countries of E.P.U. . . .	Fr.	708,965,736.77
c) Other Countries	Fr.	579,836,810.37
	Fr.	9,885,052,547.14

The Convention which was concluded between the Belgian Government and the Bank on 1st July, 1954 in regard to the carrying out of the Paris International Agreement of 19th September, 1950 setting up a European Payments Union limits to Fr. 10,065,625,000 the obligation assumed by the Bank to finance out of its own resources the credits to be granted by the Belgian-Luxemburg Economic Union to the European Payments Union.

An additional Convention was concluded on 11th May, 1955 between the Belgian Government, the Bank and the National Industrial Credit Company under the terms of which the Bank agrees to make the advances to be granted in excess of Fr. 10,065,625,000 on condition that the Belgian Government, or the National Industrial Credit Company for account of the Government, shall pay to the Bank an amount in Belgian francs equal to any such excess. The maximum amount to be provided by the National Industrial Credit Company is however limited to the sum of Fr. 1,000 million.

This additional Convention, like the Convention of 1st July, 1954, was to have expired on 30th June, 1955. Both were prolonged in the first place to 31st July, 1955, and afterwards to 30th June, 1956.

The Government guarantees the Bank against any loss whatsoever on the capital amount, on difference of exchange or otherwise which might arise for the Bank from carrying out the obligations which fall upon Belgium under the provisions of the Paris Agreement.

On 31st December, 1955 the advances to E.P.U. amounted to Fr. 9,137,500,000, including the balance of Fr. 1,000 million remaining from the claim of Fr. 2,500 million which was consolidated on 30th June, 1952, being repayable in five yearly instalments of Fr. 500 million each (see the Report for 1952, page 80).

By comparison with the amount which appeared in the Balance Sheet as at 31st December, 1954 the total of the advances granted to E.P.U. by the Belgian-Luxemburg Economic Union increased during 1955 by Fr. 541,250,000 notwithstanding the periodical payments in gold or dollars effected by the countries with which bilateral agreements for repayment and amortisation have been concluded (see the Report for 1954, pages 84 to 86), to a total of Fr. 1,191,200,000, and the allocation to Belgium of its share in two exceptional repayments to E.P.U. made by France, namely Fr. 546,400,000 in February, 1955 in dollars and Fr. 422,550,000 in December, 1955 in gold.

Item *b*), entitled « Member Countries of E.P.U. », the amount of which on 31st December, 1955 was Fr. 712,396,716.33, consists almost entirely of the current advances to those countries which are intended to be offset at the close of the month within the Union against the liabilities to those same countries appearing on the liabilities side.

Item *c*), entitled « Other Countries », represents the Bank's claims in foreign currencies and in Belgian francs on foreign countries which are not members of E.P.U., and with which bilateral payment agreements have been concluded.

Such claims appear in the Balance Sheet on 31st December, 1955 at Fr. 821,197,382.

The Bank's contribution towards executing the said agreements is governed by the Convention which was concluded on 25th February, 1947 between the Belgian Government and the Bank.

Apart from this, as stated on page 87 of last year's Report, an additional Convention concluded on 14th September, 1954 between

the Government, the Bank and the National Industrial Credit Company limited the Bank's contribution towards the financing of these agreements to the difference between the creditor and debtor balances shown in its books by the foreign Central Banks' accounts opened in respect of these agreements.

Over and above this limit, and up to a total of Fr. 2,000 million, the National Industrial Credit Company has undertaken to provide the necessary funds.

In accordance with these provisions the National Industrial Credit Company provided during the period from June to October, 1955 certain amounts which were recorded in a special account entitled « Special Provision (Convention of 14th September, 1954) : N.I.C.C. », and which did not exceed Fr. 125 million.

Last year's Report also stated (on page 87) that in certain cases the National Industrial Credit Company would have to intervene before the overall limit fixed for the Bank's contribution had been reached, doing so in pursuance of the clause providing that the amounts of the contribution by the Bank and the National Industrial Credit Company respectively shall be fixed for each payments agreement by common agreement with the Government. Under this provision the National Industrial Credit Company intervened in January, 1956 in order to cover the excess over the limit of the Bank's contribution in respect of a payments agreement.

The Treasury's account has been credited with the excess of the interest paid by foreign countries over the interest due to those countries in virtue of the agreements with them. It has on the other hand been debited with the interest for which the Government is liable to the Bank under the Conventions of 25th February, 1947, 1st July, 1954 and 14th September, 1954 on the advances granted by the Bank for executing those agreements. The interest paid to the Bank by the Government is included in the amount appearing in the Profit and

Loss Account as the item « Discount, Exchange, Interest and Commissions ».

Debtors in respect of Foreign Exchange and Gold at Forward Dates

This item, the counterpart of which appears among the liabilities as « Foreign Currencies and Gold to be delivered », stood in the Balance Sheet on 31st December, 1955 at . . Fr. 515,093.—

It represents the liabilities of debtors who have entered into forward transactions with the Bank in foreign currencies and gold.

On 31st December, 1954 this item amounted to . . . . Fr. 1,447,779,555.—

Commercial Bills on Belgium

The holding of bills of exchange discounted by the Bank and payable in Belgium amounted on 31st December, 1955 to . . . . Fr. 8,399,312,558.74

On 31st December, 1954 the total was . Fr. 9,511,683,785.35

Advances on Public Long-term Securities

The advances made against public long-term securities in accordance with the provisions of Article 17, paragraph (8) of the Statutes amounted on 31st December, 1955 to . Fr. 209,982,919.47

The total on 31st December, 1954 was Fr. 290,893,890.72

Public Short-term Securities
(Article 20 of the Statutes and Convention of 14th September, 1948)

This item included the following securities :

		On 31st December, 1955	On 31st December, 1954
a) Treasury Certificates	Fr.	8,800,000,000.—	7,895,000,000.—
b) Securities issued by Institutions whose liabilities are guaranteed by the Government .	Fr.	783,000,000.—	1,183,000,000.—
c) Other Public Short-term Belgian Securities	Fr.	118,000,000.—	44,000,000.—
Total.	Fr.	9,701,000,000.—	9,122,000,000.—

Under the terms of the Convention which was concluded between the Belgian Government and the Bank on 14th September, 1948 the amount of the securities issued or guaranteed by the Belgian Government which are held by the Bank as the result of transactions in accordance with Article 17, paragraphs (3) and (9) of the Statutes, must not exceed Fr. 10,000 million.

In pursuance of the Conventions concluded on 15th April, 1952 with the Belgian Government on the one hand, and the Luxemburg Government on the other, the Bank placed at the latter's disposal a line of credit limited to Fr. 333 million. This line of credit was not used in 1955.

The advances granted by the Bank under the provisions of the Conventions mentioned above are charged at the Bank's rate of discount for bills accepted payable at a bank, except in the case of the sum of Fr. 2,465,000,000 representing the part of the Belgian Government's debt to the Bank which, on 13th September, 1948, exceeded the consolidated amount of Fr. 35,000 million. This sum is subject to the provisions of Article 33 of the Organic Law, under which an allowance of 0.25 % per annum is made to the Bank on that part of the note circulation that corresponds to non-interest bearing advances to the Belgian Government.

The interest produced by the holding of public short-term securities appears among the receipts entered on the credit side of the Profit and Loss Account in the item « Discount, Exchange, Interest and Commissions ».

In accordance with Article 37 of the Statutes the profit arising for the Bank from the difference between interest at 3.50 % and the rate of interest charged on its discount, advance and loan transactions is paid to the Government by the debit of the Profit and Loss Account.

The provision in question applies to the transactions recorded among the asset accounts entitled « Commercial Bills on Belgium »,

« Advances on Public Long-term Securities » and « Public Short-term Securities ».

The breakdown of the Treasury notes and coin is as follows :

Treasury Notes and Coin

		On 31st December, 1955	On 31st December, 1954
Silver and Nickel Coin .	Fr.	427,593,982.05	202,240,396.75
Treasury Notes . .	Fr.	272,205,770.—	345,466,150.—
	Fr.	699,799,752.05	547,706,546.75

The limit on the Bank's holding of coin and notes circulating for account of the Treasury, which has been fixed at Fr. 700 million in accordance with an exchange of letters between the Minister of Finance and the Bank, is subject to the following provisions laid down on 14th October, 1955 :

1) If the limit is exceeded in all the weekly returns published during a given month, the Treasury will pay to the Bank on the date of the last return for the said month the average excess for the month in question.

2) If despite the payment so effected the Bank's holding of Treasury notes and coin should remain during the following month at a level higher than Fr. 700 million, the Treasury will pay to the Bank at the date of the last weekly return for that month the total amount which on that date exceeds the contractual limit of Fr. 700 million.

Balances at the Postal Cheque Office

The National Bank's balances at the Postal Cheque Office amounted to the following :

On 31st December, 1955	Fr.	1,057,995.42
On 31st December, 1954	Fr.	1,867,662.47

Consolidated Claim on the Government
(Article 3, paragraph b of the Law of 28th July, 1948)

After the reorganisation of the Bank's Balance Sheet in September, 1948 the consolidated claim on the Government amounted to . . . . Fr. 35,000,000,000.—

In the Balance Sheet as at 31st December, 1955 it appeared at . . . . Fr. 34,660,494,790.12

It may be recalled that on 15th December, 1954 the Bank at the Government's request agreed that the repayments provided in Article 3, paragraph b, sub-paragraph 2 of the Law of 28th July, 1948 should be suspended for the 1955 accounting year, as they had been for the accounting years 1953 and 1954, on condition that the Government would resume the said repayments as from the accounting year 1956, and would make such additional provision that the total amount of the repayments which ought to have been effected for the accounting years 1953 to 1955 would be cleared off in six years, at the rate of at least one-sixth part per annum, payable on 1st March in each of the years 1957 to 1962.

Public Long-term Securities
(Articles 18 and 21 of the Statutes)

The public long-term securities and other securities acquired under Articles 18 and 21 of the Statutes amounted to the following :

On 31st December, 1955 . . . . . . Fr. 1,914,326,675.38
On 31st December, 1954 . . . . . . Fr. 1,792,053,561.18

Items Receivable

This item appeared on 31st December, 1955 at . . . . Fr. 171,249,653.67
as compared with Fr. 151,408,528.83 on 31st December, 1954.

It consists, inter alia, of items for collection such as cheques, coupons and redeemable securities, of amounts receivable from third parties in connection with transactions in securities or foreign exchange, the printing of notes and printer's sundries, as well as of postage or revenue stamps.

Premises, Furniture and Equipment

The value of land and buildings appeared in the Balance Sheet for 31st December, 1955 at . . . . Fr. 1,179,300,698.28

In the Balance Sheet for 31st December, 1954 it stood at . . . . Fr. 1,060,455,096.92

The increase of Fr. 118,845,601.36 represents the amounts spent during 1955 on building new premises for the Bank in Brussels to the extent of Fr. 118,082,515.36, together with the amount of Fr. 765,446 spent on the new building for the branch at Malmédy, less Fr. 2,360 produced by the sale of a small plot of land at Audenarde.

The furniture and equipment, having been completely written off, are included in this item only pro memoria.

Securities of the Staff Pension Fund

This item, the counterpart of which appears among the liabilities under the heading « Staff Pension Fund », was shown in the Balance Sheet for 31st December, 1955 at . . . . Fr. 810,051,400.04
On 31st December, 1954 it was . . . . . Fr. 743,761,180.71

The increase of Fr. 66,290,219.33 includes an ordinary grant of Fr. 25,000,000, the collection of premiums on redemption including lottery prizes, and the normal deductions from salaries and wages. It also includes an extraordinary grant of Fr. 23,256,000 for the purpose of strengthening the actuarial reserves against pensions not running, and of enabling the Staff Pension Fund to pay them uniformly at the time of retirement at the rate of 75 % of the last salary.

As is mentioned in the Report for 1952 on pages 89 and 90, the system which was brought into force on 1st January, 1953 now provides for dividing the pensions charge between the Pension Fund and the General Expenses of the Bank.

The Bank's contribution under this head amounted in 1955 to . . . . Fr. 9,350,000.—
as against . . . . Fr. 9,700,000.—
in 1954.

Assets Written Off pending Collection

Under this heading there are shown pro memoria those items which cannot serve as counterpart for the sight liabilities of the Bank because of uncertainty as to the date when they can be realised, or as to whether they can be realised at all.

The sum of Fr. 34,506,568.75 credited to the Profit and Loss Account as at 31st December, 1955 in respect of the item « Amounts collected on Assets Written Off pending Collection » almost entirely represents the proceeds of realising a pledged security which was held by the Bank, in accordance with Article 34 of its Statutes, as cover for an old unpaid claim.

Transitory Assets

On 31st December, 1955 the transitory assets consisted of the following :

a) Fractional interest receivable on investments and accounts opened under Payment Agreements . . . . Fr.	121,826,947.80
b) Fractional interest on public long-term securities acquired in accordance with the Statutes . . . . Fr.	34,312,326.55
c) Provision for the making of Bank Notes and printer's sundries, for the staff restaurant and the works department . . . . Fr.	21,196,753.12
d) Anticipatory payment of tax on the earnings of 1954 (see in this connection page 100 of the present Report) . . . . Fr.	40,000,000.—
e) Claim on Ministry of National Defence for repayment of cash removed by secret formations during the occupation. This claim is pending before the Court of First Instance at Huy . . . . Fr.	2,243,400.—
Carried forward. . Fr.	219,579,427.47

	Brought forward. . Fr.	219,579,427.47
f)	Securities of the Centenary Fund. The income on this Fund, which was created on the occasion of the Bank's centenary, is intended to provide prizes and rewards for particularly deserving clerical employees and workmen . . . . Fr.	2,654,147.60
g)	Balances with foreign correspondents, being foreign exchange blocked in pursuance of foreign countries' exchange legislation . Fr.	1,486,577.53
	(The counterpart of the three last items *e*/, *f*/ and *g*/ appears among the « Transitory Liabilities ».)	
	Total. . Fr.	223,720,152.60

LIABILITIES

Bank Notes in Circulation

On 31st December, 1955 the amount of notes of the Bank in circulation was . . . . Fr. 107,555,750,400.—

On 31st December, 1954 it was . . . Fr. 102,678,691,700.—

These totals were made up as follows, by denominations :

		On 31st December, 1955	On 31st December, 1954
Fr. 1,000	Fr.	93,368,367,000.—	89,223,066,000.—
Fr. 500	Fr.	7,759,302,500.—	7,248,613,000.—
Fr. 100	Fr.	6,428,080,900.—	6,207,012,700.—
Total	Fr.	107,555,750,400.—	102,678,691,700.—

Current and Sundry Accounts

The breakdown of the balances on current and sundry accounts was as follows :

		On 31st December, 1955	On 31st December, 1954
Public Treasury, Ordinary Account	Fr.	11,423,044.48	28,510,495.69
Public Treasury, Economic Cooperation Agreement Accounts	Fr.	56,465,100.48	88,420,165.45
Institutions governed by a Special Law, and Public Authorities . . .	Fr.	276,599,117.83	268,970,223.37
Banks in Belgium. . .	Fr.	1,888,280,573.64	1,996,863,819.12
Carried forward.	Fr.	2,232,767,836.43	2,382,764,703.63

Brought forward.	Fr.	2,232,767,836.43	2,382,764,703.63
Banks in Foreign Countries, Ordinary Accounts	Fr.	171,035,153.—	1,034,476,393.90
Individuals	Fr.	347,682,855.51	280,186,106.02
Items Payable	Fr.	390,141,474.19	361,922,167.23
	Fr.	3,141,627,319.13	4,059,349,370.78

This summary calls for two remarks :

1) *Public Treasury (Economic Cooperation Agreement Accounts).*

The amount of Fr. 56,465,100.48 which appeared in the Balance Sheet on 31st December, 1955, like that of Fr. 88,420,165.45 which appeared on 31st December, 1954, relates exclusively to the 1950-1952 period of execution of the Marshall Plan. The decrease on the year was due to sundry payments made to the Government in favour of, inter alia, the Belgian Office for Increasing Productivity and the technical assistance missions.

2) *Items Payable.*

The amount shown as « Items Payable » represents the whole of the liabilities of the Bank other than those entered in current accounts, in particular letters of credit; certain cheques; payment orders; dividends; the equivalent of foreign exchange due to outside parties; taxes payable; payments to be made to suppliers of goods and to the National Social Insurance Office; credit advices pending; and transactions in course of settlement which will later give rise to payments or to the crediting of current accounts.

Liabilities to Foreign Countries under Payment Agreements

Comparison as between 1954 and 1955 of the liabilities to foreign countries under payment agreements shows the following :

		On 31st December, 1955	On 31st December, 1954
Member Countries of E.P.U.	Fr.	277,339,695.50	71,287,769.38
Other Countries	Fr.	747,240,050.02	462,483,775.48
	Fr.	1,024,579,745.52	533,771,544.86

Total Sight Liabilities

The sight liabilities are the sum of the bank notes in circulation, the current and sundry accounts, and the liabilities to foreign countries under payment agreements.

On 31st December, 1955 total sight liabilities amounted to Fr. 111,721,957,464.65 as against Fr. 107,271,812,615.64 on 31st December, 1954.

Foreign Currencies and Gold to be delivered

This item, which appeared in the Balance Sheet for 31st December, 1955 at	Fr.	71,061,948.30
was shown in that for 31st December, 1954 at	Fr.	1,498,238,642.30

Its counterpart, the item « Debtors in respect of Foreign Exchange and Gold at Forward Dates », appears among the assets at only	Fr.	515,093.—

The difference represents cash liabilities in foreign currencies.

Staff Pension Fund

This account is the counterpart to the « Securities of the Staff Pension Fund » among the assets.

It amounted on 31st December, 1955 to	Fr.	810,051,400.04
against a total on 31st December, 1954 of	Fr.	743,761,180.70

On 31st December, 1955 the transitory liabilities were as follows : **Transitory Liabilities**

a)	Fractional interest payable on accounts opened under payment agreements . . . . . Fr.	1,302,274.90
b)	Unaccrued discount on bills and Treasury Certificates held . . . . Fr.	34,225,259.56
c)	Instalments paid by outside parties . . . Fr.	69,268.—
d)	Cash removed by secret formations during the occupation, to be recovered . . . . Fr.	2,243,400.—
e)	Centenary Fund . . . . Fr.	2,654,147.60
f)	Creditors in respect of blocked currencies Fr.	1,486,577.53
	The counterpart of the three items *d*/, *e*/ and *f*/ is included in each case in the « Transitory Assets ».	
g)	Provision for Expenses of Acquiring, Selling and Shipping Gold . . . . Fr.	30,000,000.—
h)	Provision for building of premises . . . Fr.	148,550,000.—
i)	Provision for Taxes . . . . Fr.	63,258,018.29
	Total. . Fr.	283,788,945.88

As was stated on pages 100 and 101 of last year's Report the account « Provision for Taxes » showed a balance of Fr. 9,033,009 after allowance for anticipatory payments of the tax on earned incomes for the accounting years 1953 and 1954 amounting to Fr. 60 million and Fr. 40 million respectively; a sum of Fr. 109,033,009 was thus available to meet tax payments.

On the credit side of the Profit and Loss Account for the year 1955 there are two new items entitled « Rebate of Income Tax » and « Provision for Taxes released and available». The amounts entered in respect of these items represent rebates of taxation which were paid during the year to the Bank in amounts of Fr. 43,959,210 and Fr. 30,623,340 respectively. They gave rise to interest amounting to Fr. 10,232,935

in respect of the delay in payment, which was entered under the head of « Discount, Exchange, Interest and Commissions ».

These various repayments followed the agreed settlement of a dispute which had arisen in regard to tax law with the Direct Taxes Department.

Up till now that Department has not examined the tax return rendered by the Bank in respect of its income for 1954.

The rebates relating to that accounting year can therefore not at present be shown in the accounts. They will be credited later to the Profit and Loss Account relating to the year in the course of which they are received.

The Bank has however decided to enter among the Transitory Assets the anticipatory payment of Fr. 40 million, which it effected in 1954, until such time as this sum is repaid to it.

The balance on the account « Provision for Taxes » as at 31st December, 1955 thus amounts to Fr. 63,258,018.29, made up as follows :

Fr. 9,033,009.—	balance as at 1st January, 1955,
Fr. 60,000,000.—	repayment during 1955 of the anticipatory payment relating to the 1953 accounting year,
Fr. 40,000,000.—	amount of the anticipatory payment relating to the 1954 accounting year, to be repaid by the Direct Taxes Department (claim appearing among the Transitory Assets),
Fr. 109,033,009.—	
Fr. 45,774,990.71	payments of taxes effected in 1955, consisting almost entirely of the National Crisis Tax on the dividend payable on 1st March, 1955,
Fr. 63,258,018.29	balance as at 31st December, 1955.

This year it is not necessary, as it was previously, to debit the Profit and Loss Account in order to provide a sum for the account « Provision for Taxes ».

The capital of Fr. 400,000,000 is divided into 400,000 shares of Fr. 1,000 each, registered or to bearer, including 200,000 registered and untransferable shares in the name of the Government. **Capital**

The Reserve Funds, which are provided under Article 14 of the Statutes of the Bank, comprise the following items : **Reserve Funds**

		On 31st December, 1955	On 31st December, 1954
Statutory Reserve . .	Fr.	314,745,570.84	283,227,494.45
Contingencies Fund . .	Fr.	245,292,651.67	243,149,674.77
Account for Depreciation of Premises, Furniture and Equipment . . .	Fr.	1,079,300,698.28	960,455,096.92
	Fr.	1,639,338,920.79	1,486,832,266.14

The increase arises from the share in the distribution of the profits as at 31st December, 1954 which went to the Statutory Reserve, as well as from the sum of Fr. 118,845,601.36 which was applied on 31st December, 1955 to writing off expenses of the year relating to the building of new premises for the Bank.

The difference between the amount of the assets item « Premises, Furniture and Equipment » and that of the liabilities item « Account for Depreciation of Premises, Furniture and Equipment », namely a round sum of Fr. 100 million, represents a reasonable valuation of the land alone.

Besides this the Contingencies Fund was increased, by debit of the Profit and Loss Account, to the extent of the profit of Fr. 2,142,976.90 which was realised during 1955 on the sale and collection of the proceeds of securities contained in the Bank's holding of public long-term securities.

Article 8 of the Law of 8th March, 1951, which amends with effect from the 1951 fiscal year the laws and decrees relating to Income

Taxes, provides that under certain conditions a part or the whole of such profit shall be exempt from tax. The exempt portion, which under Article 27, paragraph 2 bis of the codified laws must remain unusable, amounts to Fr. 1,269,630.70.

Net Profit for Distribution

The favourable balance on the Profit and Loss Account, which forms the net profit to be distributed in accordance with Article 38 of the Statutes, amounts to Fr. 359,163,089.54.

MEMORANDUM ACCOUNTS

Items for Collection

Under this heading are shown the items, such as bills of exchange, foreign currencies, etc., which have been lodged for collection by holders of current accounts or by foreign correspondents of the Bank . . . . Fr. 25,653,951.60

Documentary Credits Opened

This item comprises import credits opened by the Bank for public financial institutions and for Belgian companies or firms, as well as export credits opened by foreign Central Banks . . Fr. 31,998,478.89

Sundry Deposits

The breakdown of these is as follows :

Cover for advance limits against Belgian public long-term securities . Fr.	12,504,091,685.—
Guarantees given by persons lodging bills for discount . . . . Fr.	19,962,750.—
Bonds of the Currency Reform Loan . . . Fr.	8,125,000.—
International Monetary Fund . . . . . Fr.	8,323,889,561.24
Carried forward Fr.	20,856,068,996.24

	Brought forward Fr.	20,856,068,996.24	
	International Bank for Reconstruction and Development . . Fr.	1,782,778,920.—	
	Other Deposits . . . Fr.	44,558,647,053.82	
		Total. . Fr.	67,197,494,970.06

Sundry Guarantees Received

Guarantees given under Statute or Regulations by executives of the Bank, by Discount Agencies, and by members of the staff . . Fr. 153,405,538.50

Guarantee Certificates received from the Public Treasury

These Certificates secure the advances granted by the Bank for the purpose of carrying out Payment Agreements, this being in accordance with the provisions of the Law of 28th July, 1948, which amended Decree Law No. 5 of 1st May, 1944 relating to the terms for purchase and sale of gold and foreign currencies . . Fr. 2,640,000,000.—

Guarantees given on behalf of the Staff

These guarantees are given by the Bank to certain Discount Agencies in respect of loans granted by the General Savings and Pensions Fund to members of the Bank's staff to enable them to build or buy their house . . . . Fr. 106,701,025.—

Public Treasury

Portfolio and Sundry Assets . . . . Fr.		20,000,000.—
Sundry Securities owned by the Government :		
Ordinary Shares of the Belgian National Railways Company . . . . Fr.	1,000,000,000.—	
Carried forward Fr.	1,000,000,000.—	20,000,000.—

Brought forward Fr.	1,000,000,000.—	20,000,000.—
Participating Debentures of the Belgian National Railways Company . Fr.	638,305,187.—	
Treasury Bills of the Grand Duchy of Luxemburg (Belgian-Luxemburg Agreement) . . . Fr.	1,431,040,576.—	
Federal Republic of Germany Government Bonds (London Agreements of 27th February, 1953) Fr.	423,905,400.—	
4.50 % Certificates of the National Cheap Dwellings Company . . . . Fr.	4,005,160,000.—	
4.50 % Certificates of the National Smallholders' Company . . . . Fr.	713,850,000.—	
Sundry Items . . . . Fr.	206,755,812.50	
	Fr.	8,419,016,975.50
Sundry Items for which the Government is the Depositary :		
Items lodged by outside parties . . . . . . Fr.	5,840,733,273.31	
Service of the Registered Debt . . . . Fr.	15,186,817,100.—	
Deposit and Consignment Office . . . . . Fr.	47,627,177,865.39	
Items lodged by way of Guarantee . . . . Fr.	2,029,779,530.65	
	Fr.	70,684,507,769.35
	Carried forward Fr.	79,123,524,744.85

	Brought forward Fr.	79,123,524,744.85
Securities lodged in pursuance of the Regent's Decree of 17th January, 1949 regarding the cancellation of undeclared Belgian bearer securities	Fr.	62,231,936.—
Securities to be delivered	Fr.	994,925,807.50
Securities withdrawn from circulation	Fr.	7,011,387.50
Public Debt Sinking Fund	Fr.	5,878,702,760.—
Monetary Fund :		
Public Long-term Securities	Fr.	4,959,160,310.—
Total.	Fr.	91,025,556,945.85

Securities Stabilisation Fund (Securities Deposited)

Securities held in safe custody and belonging to the Securities Stabilisation Fund which was set up in pursuance of the Decree Law of 18th May, 1945	Fr.	3,537,908,166.50

General Savings and Pensions Fund

a) Provisional Investments	Fr.	8,141,938,809.23
b) Cover for Loans	Fr.	10,055,350.—
c) Guarantee Deposits	Fr.	121,877,497.—
Total.	Fr.	8,273,871,656.23

DISTRIBUTION OF THE NET PROFIT FOR THE YEAR 1955

1. To the Shareholders : a First Dividend of 6 % of the Nominal Capital	24,000,000.—
2. As to the rest, namely Fr. 335,163,089.54	
a) 10 % to Reserve	33,516,308.95
b) 8 % to the Staff	26,813,047.16
3. As to the remainder, namely Fr. 274,833,733.43	
a) To the Government : one-fifth	54,966,746.68
b) To the Shareholders : a Second Dividend	218,857,142.85
c) The balance to Reserve	1,009,843.90
Total Net Profit to be distributed	359,163,089.54

DIVIDEND DECLARED FOR THE YEAR 1955

First Dividend, gross	Fr.	24,000,000.—
Second Dividend, gross	Fr.	218,857,142.85
Total.	Fr.	242,857,142.85
Income Tax	Fr.	72,857,142.85
Net Dividend, Total	Fr.	170,000,000.—

on 400,000 Shares, that is a net dividend of Fr. 425 on each.

This dividend is payable on 1st March, 1956 against the presentation of Coupon No. 154.

The Council of Regency :

Hubert ANSIAUX, *Vice-Governor*,
Jean VAN NIEUWENHUYSE, *Director*,
Franz DE VOGHEL, *Director*,
Marcel LEFEBVRE, *Director*,
André HUYSSENS, *Regent*,
Léon-A. BEKAERT, *Regent*,
Yvan FEYERICK, *Regent*,
August COOL, *Regent*,
Alfred PUTZEYS, *Regent*,
Alfons CONIX, *Regent*,
André RENARD, *Regent*,
André DE GUCHTENEËRE, *Regent*,
Robert VANDEPUTTE, *Regent*,
Hector MARTIN, *Regent*.

The Governor :
Maurice FRERE.

Balance Sheet

Profit and Loss Account

Memorandum Accounts

BALANCE SHEET AS AT

ASSETS

Gold Holding	46,384,879,865.75
Foreign Assets	258,576,116.35
Claims on Foreign Countries under Payment Agreements :	
a) E.P.U.	9,137,500,000.—
b) Member Countries of E.P.U.	712,396,716.33
c) Other Countries	821,197,382.—
Debtors in respect of Foreign Exchange and Gold at Forward Dates	515,093.—
Commercial Bills on Belgium	8,399,312,558.74
Advances on Public Long-term Securities	209,982,919.47
Public Short-term Securities (Article 20 of the Statutes, and Convention of 14th September, 1948) :	
a) Treasury Certificates	8,800,000,000.—
b) Securities issued by Institutions whose liabilities are guaranteed by the Government	783,000,000.—
c) Other Public Short-term Securities	118,000,000.—
Treasury Notes and Coin	699,799,752.05
Balances at the Postal Cheque Office	1,057,995.42
Consolidated Claim on the Government (Article 3, paragraph b of the Law of 28th July, 1948)	34,660,494,790.12
Public Long-term Securities (Articles 18 and 21 of the Statutes)	1,914,326,675.38
Items Receivable	171,249,653.67
Premises, Furniture and Equipment	1,179,300,698.28
Securities of the Staff Pension Fund	810,051,400.04
Assets Written Off pending Collection	pro memoria
Transitory Assets	223,720,152.60
Total Assets	115,285,361,769.20

LIABILITIES

Notes in Circulation		107,555,750,400.—
Current and Sundry Accounts :		
Public Treasury: Ordinary Account	11,423,044.48	
Public Treasury: Economic Cooperation Agreement Accounts	56,465,100.48	
Institutions governed by a Special Law, and Public Authorities	276,599,117.83	
Banks in Belgium	1,888,280,573.64	
Banks in Foreign Countries : Ordinary Accounts	171,035,153.—	
Individuals	347,682,855.51	
Items Payable	390,141,474.19	3,141,627,319.13
Liabilities to Foreign Countries under Payment Agreements :		
Member Countries of E.P.U.	277,339,695.50	
Other Countries	747,240,050.02	1,024,579,745.52
Total Sight Liabilities		111,721,957,464.65
Foreign Currencies and Gold to be delivered		71,061,948.30
Staff Pension Fund		810,051,400.04
Transitory Liabilities		283,788,945.88
Capital		400,000,000.—
Reserve Funds :		
a) Statutory Reserve		314,745,570.84
b) Contingencies Fund		245,292,651.67
c) Account for Depreciation of Premises, Furniture and Equipment		1,079,300,698.28
Net Profit for Distribution		359,163,089.54
Total Liabilities		115,285,361,769.20

PROFIT AND LOSS ACCOUNT

General Expenses		307,401,765.82
Expenses of Acquiring, Selling and Shipping Gold		5,585,851.51
Ordinary Grant to the Staff Pension Fund		25,000,000.—
Extraordinary Grant to the Staff Pension Fund		23,256,000.—
Depreciation of Premises, Furniture and Equipment		28,477,092.70
Written off New Premises		118,845,601.36
Amounts due to the Government :		
a) Produce of Discounts and Advances on Public Long-term Securities exceeding 3.50 %	3,490,267.75	
b) Stamp Duty on the Note Circulation	150,649,867.—	154,140,134.75
Transferred to the Transitory Liabilities as Provision for Expenses of Acquiring, Selling and Shipping Gold		6,861,033.48
Transferred to the Transitory Liabilities as Provision for Building		148,550,000.—
Transfer to the Contingencies Fund of Profit on Realisation of, and Collection of, Securities		2,142,976.90
Net Profit for Distribution		359,163,089.54
		1,179,423,546.06

MEMORANDUM ACCOUNTS

Items for Collection

Documentary Credits Opened

Sundry Deposits :

Cover for advance limits against Belgian Public Long-term Securities

Guarantees given by persons lodging bills for discount

Bonds of the Currency Reform Loan

International Monetary Fund

International Bank for Reconstruction and Development

Other Deposits

Sundry Guarantees Received

Guarantee Certificates received from the Public Treasury

Guarantees given on behalf of the Staff

Public Treasury :

Portfolio and Sundry Assets

Sundry Securities owned by the Government :

Ordinary Shares of the Belgian National Railways Co.

Participating Debentures of the Belgian National Railways Company

Treasury Bills of the Government of the Grand Duchy of Luxemburg (Belgian-Luxemburg Agreement)

Federal Republic of Germany Government Bonds (London Agreements of 27th February, 1953)

4.50 % Certificates of the National Cheap Dwellings Co.

4.50 % Certificates of the National Smallholders' Co.

Sundry Items

Sundry Items for which the Government is the Depositary :

Items lodged by outside parties

Service of the Registered Debt

Deposit and Consignment Office

Items lodged by way of Guarantee

Securities lodged in pursuance of the Regent's Decree of 17th January, 1949 regarding the cancellation of undeclared Belgian bearer securities

Securities to be delivered

Securities withdrawn from circulation

Public Debt Sinking Fund

Monetary Fund :

Public Long-term Securities

Securities Stabilisation Fund (Securities Deposited)

General Savings and Pensions Fund :

Provisional Investments

Cover for Loans

Guarantee Deposits

T AS AT 31st DECEMBER, 1955

CREDIT

Discount, Exchange, Interest and Commissions	689,590,853.86
Income on Public and Other Securities acquired in accordance with the Statutes	87,569,581.40
Profit on Realisation of, and Collection of Proceeds of, Securities	2,142,976.90
Fees for Safe Custody, Brokerages and Rent of Safes	13,361,369.15
Amounts collected on Assets Written Off pending Collection	34,506,568.75
Rebate of Income Tax	43,959,210.—
Provision for Taxes released and available	30,623,340.—
Amounts due from and allowed by the Government :	
a) Return of Stamp Duty on the Note Circulation (Royal Decree of 24th August, 1939, Article 34)	114,901,434.—
b) Allowance of 0.25 % per annum on the Government Debt (Royal Decree of 24th August, 1939, Article 33)	92,813,737.—
c) Allowance of 0.10 % per annum on the amount of the Small Notes issued for account of the Treasury (Agreement of 18th March, 1946)	1,954,475.—
Transfer from the Account « Provision for Building »	68,000,000.—
	1,179,423,546.06

S AS AT 31st DECEMBER, 1955

		25,653,951.60
		31,998,478.89
	12,504,091,685.—	
	19,962,750.—	
	8,125,000.—	
	8,323,889,561.24	
	1,782,778,920.—	
	44,558,647,053.82	
		67,197,494,970.06
		153,405,538.50
		2,640,000,000.—
		106,701,025.—
	20,000,000.—	
1,000,000,000.—		
638,305,187.—		
1,431,040,576.—		
423,905,400.—		
4,005,160,000.—		
713,850,000.—		
206,755,812.50		
	8,419,016,975.50	
5,840,733,273.31		
15,186,817,100.—		
47,627,177,865.39		
2,029,779,530.65		
	70,684,507,769.35	
	62,231,936.—	
	994,925,807.50	
	7,011,387.50	
	5,878,702,760.—	
	4,959,160,310.—	
		91,025,556,945.85
		3,537,908,166.50
	8,141,938,809.23	
	10,055,350.—	
	121,877,497.—	
		8,273,871,656.23

GLOSSARY OF NAMES AS USED IN THIS AND PREVIOUS REPORTS OF THE NATIONAL BANK

Agricultural Fund	Fonds agricole
Bank of the Belgian Congo	Banque du Congo Belge
Banking Commission	Commission bancaire
Belgian Air Navigation Company (SABENA)	Société Anonyme Belge pour l'Exploitation de la Navigation Aérienne (SABENA)
Belgian Bankers' Association	Association Belge des Banques
Belgian Coal Mines Re-equipment Fund	Fonds de Rééquipement des Charbonnages Belges
Belgian-Luxemburg Economic Union (B.L.E.U.)	Union Economique Belgo-Luxembourgeoise (U.E.B.L.)
Belgian-Luxemburg Foreign Exchange Institute	Institut Belgo-Luxembourgeois du Change
Belgian National Railways Company	Société Nationale des Chemins de fer belges (S.N.C.F.B.)
Belgian Office for Increasing Productivity	Office Belge pour l'Accroissement de la Productivité
Belgian Textile Industry Federation	Fédération de l'Industrie Textile Belge
Brussels Municipal Water Company	Compagnie Intercommunale Bruxelloise des Eaux
Centenary Fund	Fonds du Centenaire
Central Bank of the Belgian Congo and Ruanda-Urundi	Banque Centrale du Congo Belge et du Ruanda-Urundi
Central Council of the Economy	Conseil Central de l'Economie
Clearing Office	Chambre de Compensation
Committee for the Study and Promotion of Exports of Small and Medium-sized Enterprises	Commission d'études pour la promotion des exportations de petites et moyennes entreprises
Consultative Committee for Coordinating Medium-Term Export Financing, known as « Cofinex »	Comité Consultatif de Coordination du Financement à Moyen Terme des Exportations (Cofinex)
Consultative Council for External Trade	Conseil Consultatif pour le commerce extérieur
Council of Regency	Conseil de Régence
Currency Reform Loan	Emprunt de l'Assainissement monétaire
Deposit and Consignment Office	Caisse des Dépôts et Consignations
Direct Taxes Department	Administration des Contributions directes
Directorate General of Mines	Direction Générale des Mines
Discount Agency	Comptoir d'Escompte
European Agricultural Markets Organisation	Organisation Européenne des Marchés Agricoles
European Coal and Steel Community (E.C.S.C.)	Communauté Européenne du Charbon et de l'Acier (C.E.C.A.)
European Payments Union (E.P.U.)	Union Européenne de Paiements (U.E.P.)
Excise Department (Ministry of Finance)	Service des Accises (Ministère des Finances)
External Trade Fund	Fonds du Commerce extérieur
Federation of Belgian Industries	Fédération des Industries Belges
General Budget Statement	Exposé Général du Budget
General Savings Fund (administered by :)	Caisse Générale d'Epargne (gérée par la :)
General Savings and Pensions Fund	Caisse Générale d'Epargne et de Retraite
High Authority (of E.C.S.C.)	Haute Autorité (de la C.E.C.A.)
International Bank for Reconstruction and Development (I.B.R.D.)	Banque Internationale pour la Reconstruction et le Développement (B.I.R.D.)

International Forestry and Mining Company of the Congo	Société Internationale Forestière et Minière du Congo
International Materials Conference . .	Conférence Internationale des Matières Premières
International Monetary Fund (I.M.F.) .	Fonds Monétaire International (F.M.I.)
International Sugar Agreement . . .	Accord International du Sucre
International Sugar Conference . . .	Conférence Internationale des Sucres
International Tin Council	Conseil International de l'Etain
International Wheat Agreement . . .	Accord International du Blé
Katanga-Dilolo-Leopoldville Railway Company (K.D.L.)	Compagnie des Chemins de Fer Katanga-Dilolo-Léopoldville (K.D.L.)
Katanga Railway Company	Compagnie du Chemin de Fer du Katanga
Leopoldville-Katanga-Dilolo Railway Company (LEOKADI)	Société des Chemins de Fer Léopoldville-Katanga-Dilolo (LEOKADI)
London Metal Exchange	Bourse des Métaux de Londres
Ministry for Economic Affairs	Ministère des Affaires Economiques
Ministry of Agriculture	Ministère de l'Agriculture
Ministry of Finance	Ministère des Finances
Monetary Fund	Fonds Monétaire
National Bank of Belgium	Banque Nationale de Belgique
National Cheap Dwellings Company . .	Société Nationale des Habitations et Logements à Bon Marché
National Del Credere Office	Office National du Ducroire
National Employment and Unemployment Office	Office National du Placement et du Chômage
National Fund for Credit to Trade and Industry	Caisse Nationale de Crédit Professionnel
National Industrial Credit Company (N.I.C.C.)	Société Nationale de Crédit à l'Industrie (S.N.C.I.)
National Smallholders' Company . . .	Société Nationale de la Petite Propriété Terrienne
National Social Insurance Office . . .	Office National de Sécurité Sociale
National Statistical Institute	Institut National de Statistique
National Water Distribution Company .	Société Nationale de Distribution d'Eau
North Atlantic Treaty Organisation (N.A.T.O.)	Organisation du Traité de l'Atlantique Nord (O.T.A.N.)
Organisation for European Economic Cooperation (O.E.E.C.)	Organisation Européenne de Coopération Economique (O.E.C.E.)
Postal Cheque Office	Office des Chèques Postaux
Public Debt Sinking Fund	Fonds d'Amortissement de la Dette Publique
Rediscount and Guarantee Institute (R.G.I.)	Institut de Réescompte et de Garantie (I.R.G.)
Road Fund	Fonds des Routes
Securities Stabilisation Fund	Fonds des Rentes
Social and Economic Research Institute of Louvain University	Institut de Recherches économiques et sociales de l'Université de Louvain
Staff Pension Fund	Caisse de Pensions du Personnel
Telegraphs and Telephones Board . . .	Régie des Télégraphes et Téléphones
Treasury and Public Debt Administration	Administration de la Trésorerie et de la Dette Publique
Union of Non-Ferrous Metal Industries	Union des Industries des Métaux Non-Ferreux
Veterans' Endowment	Dotation des Combattants

CONTENTS

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